JOURNAL

OF THE

House of Representatives

OF THE

COMMONWEALTH OF KENTUCKY

FIRST EXTRAORDINARY SESSION OF 1956

Held in the State Capitol in the Capital City of Kentucky, at
Frankfort, in the Year of Our Lord 1956 and
in the One Hundred and Sixty-Fourth
Year of the Commonwealth

Begun on the Twenty-seventh Day of February, 1956, and
Adjourned Sine Die on the Eighth Day of March, 1956

DUNNE PRESS
PRINTERS TO THE COMMONWEALTH OF KENTUCKY
LOUISVILLE, KENTUCKY

JOURNAL OF THE SESSION
OF THE
HOUSE OF REPRESENTATIVES
OF THE COMMONWEALTH OF KENTUCKY

FIRST EXTRAORDINARY SESSION OF 1956

MONDAY, FEBRUARY 27, 1956
FIRST LEGISLATIVE DAY

At an Extraordinary Session of the General Assembly of the Commonwealth of Kentucky, held at the Capitol in the City of Frankfort, and begun on February 27, 1956, and in the one hundred and sixty-fourth year of the Commonwealth, in compliance with a proclamation issued by the Governor of the Commonwealth, the House of Representatives was called to order by the Honorable Thomas P. Fitzpatrick, Speaker of the House of Representatives.

Prayer by the Reverend Edward L. Tullis of the First Methodist Church of Frankfort.

The roll was called. All present except Billington, Caudill, Cottengim, Gullette, Melton, Nunnelley, Qualls, Reynolds, Searcy, Wathen, and Weintraub, who were granted leaves of absence on motion of Representative Morgan.

The Clerk read the following proclamation:

I, THELMA L. STOVALL, Secretary of State for the Commonwealth of Kentucky, do certify that the foregoing writing has been carefully compared by me with the original record thereof, now in my official custody as Secretary of State and remaining on file in my office, and found to be a true and correct copy of

the proclamation of the Governor, A. B. Chandler, convening the General Assembly of the Commonwealth of Kentucky into Extraordinary Session at the seat of government, Frankfort, Kentucky at 7 p.m., CST, on Monday February 27, 1956 for the purpose of considering the following subject:

(1) To pass acts reorganizing and simplifying the state and local government.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my offical seal.

Done at Frankfort this 27th day of February, 1956

(Signed) THELMA L. STOVALL

Secretary of State, Commonwealth of Kentucky
February 27, 1956

TO ALL TO WHOM THESE PRESENTS SHALL COME:

WHEREAS, the present structure of the state and local government of Kentucky obstructs the economic and effective management of state and local business; and

WHEREAS, bringing together the multiplicity of scattered boards, commissions, departments and other agencies of the state and local government into a systematic and orderly plan is essential to effective administration at minimum expense; and

WHEREAS, preparation of a budget to provide for the economical financing of state and local services is dependent on prior reorganization of the state and local government;

NOW, THEREFORE, in order to insure the people of the Commonwealth a reorganized and efficient plan of government, and in accordance with the power vested in me by Section 80 of the Constitution of Kentucky to convene the General Assembly into Extraordinary Session, as Governor of the Commonwealth of Kentucky, I, A. B. Chandler, do issue this, my proclamation, convening the General Assembly of Kentucky in Extraordinary Session at the seat of government at Frankfort, Kentucky, at 7 p.m., CST on Monday, February 27, 1956, for the sole purpose of considering the following subject:

(1) To pass acts reorganizing and simplifying the state and local government.

You will, therefore, in accordance with this proclamation, assembly in Extraordinary Session at the seat of government at Frankfort, Kentucky, on the day and hour above written, to consider the subject herein mentioned, and only said subject.

Done at Frankfort, Kentucky, this the 23rd day of February in the year of our Lord, one thousand nine hundred and fifty-six, and in the year of the Commonwealth the one hundred and sixty-fourth.

(Signed) A. B. CHANDLER, Governor

(Signed) Thelma L. Stovall
Secretary of State

Introduction of Resolutions

HR 1, by Representative Morgan: A RESOLUTION adopting rules to govern the First Extraordinary Session of the 1956 General Assembly.

Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky:

That the rules of the House of Representatives of the 1956 Regular Session of the General Assembly be adopted as the Rules of the House of Representatives of the Extraordinary Session of the General Assembly convened on February 27, 1956.

Representative Morgan moved adoption of **HR 1.** Adopted.

The Speaker announced that the Rules Committee serving during Regular Session would continue during Special Sessions.

HR 2, by Representative Morgan: A RESOLUTION notifying the Senate and the Governor that the House of Representatives is organized.

Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky:

That the Speaker of the House of Representatives be authorized and directed to appoint a committee of seven members to notify the Senate that the House of Representatives is organized and ready for business, and that this committee meet with a like committee to be appointed by the President of the Senate, and that said joint committee then call on the Governor of the Commonwealth of Kentucky to notify him that this General Assembly is duly organized and ready to receive any message that he may desire to deliver, his fixing the time and place.

Representative Morgan moved adoption of **HR 2.** Adopted.

Appointment of Committee

The Speaker apointed the following committee pursuant to **HR 2:** Representatives Ray, Howard, Harris, Lowman, Tinsley, Isler and Burnley.

Joint Session

The Committee appointed to wait upon the Governor reported that the Governor was ready to address a Joint Session of the General Assembly.

The Senate entered upon the floor of the House and the Honorable Harry Lee Waterfield, Lieutenant-Governor and President of the Senate, assumed the Chair and called the Joint Session to order.

Prayer by Reverend Edward L. Tullis, of the First Methodist Church, Frankfort.

Representative Morgan moved that the roll call be dispensed with. Agreed.

The Committee appointed to wait upon the Governor appeared with His Excellency, Albert B. Chandler, Governor of the Commonwealth of Kentucky, who took his place at the Clerk's desk.

The Governor addressed the General Assembly as follows:

ADDRESS BY GOVERNOR A. B. CHANDLER BEFORE A JOINT SESSION OF THE GENERAL ASSEMBLY OF KENTUCKY MONDAY, FEBRUARY 27, 1956

Governor Waterfield, Speaker Fitzpatrick, members of the General Assembly, friends: As I forecast when I came before you January 3, I have again called you into extraordinary session. I wish to compliment each and all of you for handling your affairs in a rapid manner in order that we could get on to the problems which we thought could be best handled in an extraordinary session.

As you know, the science of government is not an exact science. It varies according to the views of those people who administer its affairs. There is one area of government, however, on which all students of government and all reasonable men agree. It is: The departments and agencies necessary for the efficient operation of government should be as few in number as is possible to perform the assigned tasks.

In 1936, when I became Governor of Kentucky the first time, I found it necessary to reorganize our government from top to bottom—from stem to stern. The activities of government were pulled together into a working arrangement which, at the time, was considered a model of governmental organization and is still followed in many of the states. This governmental set-up, created by the 1936 Legislature, has been used by teachers and students of government, and several other states have modeled their governmental organization on what is known as the "Kentucky plan." The framework of the 1936 Reorganization Act is still in evidence in our government. Indeed, most of the departments which were then created have been continued intact. It is, therefore, unnecessary that the Reorganization Act of 1956 be as drastic or as far-reaching as the Reorganization Act of 1936. It is, however, important that the state government, at this time, be somewhat reorganized in order that we may bring into well defined departments and agencies those functions of government which are interrelated, but in some cases to separate functions which have grown in stature to the point where they can best be handled independently or separated from the original department in which they were established in order that we may administer them as efficiently and as economically as is possible.

Important features of the 1956 Reorganization Act are these:

(1) The Superintendent of Public Instruction is permitted to reorganize the Department of Education along lines which are thought to be necessary to meet the tremendous responsibilities which must be discharged by that department. In a subsequent Special Session I will present to you a budget which is designed to lift our system of education out of the hopeless situation which now confronts it. I have said—and I want to repeat—that the Executive and Legislative branches of the government will furnish the tools to the Department of Education with which it can do a dramatic job, and the Department must get its house in order to perform the task which lies ahead of it. The people of Kentucky are entitled to value received for the enormous amount of their tax money which will be spent for education during the next four years. The reorganization of the department is essential to the performance of its important and increased responsibilities.

(2) The scope of activities of the Department of Finance is much broadened by the Act which will be presented to you. The State Property and Building Commission is abolished and its functions transferred to the Department of Finance.

A thorough study of the activities of the State Property and Buildings Commission has convinced me that drastic action was required in connection with that agency of the government. It is probably true that the situation which I have inherited as Governor should not be blamed on this agency of government, but rather should be attributed to the people who operated the agency. However that may be, I think it is essential that the work of this agency in building administration, in buying, in record keeping, and in budgeting be tied to the same kind of work now done by the Department of Finance. As budgeting, purchasing, bookkeeping, and supervision of state property are tasks already performed by the Department of Finance, it is logical and economical that the entire activities of that Commission be transferred to the Department of Finance.

In addition to the transfer of the State Property and Buildings Commission, the proposed legislation also gives to the Department of Finance, with the approval of the Governor, very tight and desirable control of financing of public improvements by revenue bonds and, it seems to me, that such control is long past due. At this very moment the Governor, the State Fair Board, and everyone concerned with the financial policies of the state are searching for a solution to the dilemma which grows out of the construction of the new State Fair facility in Louisville. In my view the operation of restaurants, ice shows, football games, basketball games and the like are outside the scope of prudent governmental activities. We have searched the country for a man or a group of men who would take over the operation of the state fairgrounds and guarantee to the Commonwealth a new return of $400,000 a year, which is required to meet bond commitments. We have consulted many people who are familiar with the

operation of such activities and I regret to advise you that up to this moment we have found no one who would undertake the operation on the terms which, we feel, we must impose. Our only alternative is to undertake the operation of the fairgrounds with State personnel—an alternative which is distasteful to me—but I know of no other course to be pursued.

It is clear to me—and I believe it is clear to everyone—that before the Commonwealth of Kentucky enters upon an undertaking as vast as the one I have described, a method of operation should be formulated before the project is launched. Nothing should be left to chance. Only by foresight can such dilemmas as are now presented be avoided. The financial controls provided in this bill should guarantee that future revenue bond financing be undertaken only after a sound and feasible plan of bond redemption has first been contrived.

(3) In the 1956 Reorganization Act the Division of Personnel—now within the Department of Finance—is made a Department. It is believed that the personnel functions of the state government are of such importance, at the moment, as to require the administration of these functions by a separate department of the state government. Other states in general have already adopted this plan. Even more persuasive are the functions which probably will be added to this department during this administration. As I have repeatedly stated before, I hope that during this administration to place all state employes under a merit system, and I stand ready to do this the moment the various department heads advise me that their departments are ready for this step. And logically, these activities would be placed in the Department of Personnel.

(4) The 1956 Reorganization Act creates a Highway Commission which is advisory only and which is composed of eight Advisory Commissioners to be appointed from highway districts created by the Commissioner of Highways. These Advisory Commissioners will ascertain the condition and needs of their respective districts as relates to highways and advise the Commissioner in that regard. It is, I think important that District Engineers who are, or should be, professional men, be relieved of semi-political responsibilities. It is equally essential that there be someone closer to the people of Kentucky than Frankfort to discuss with them their highway problems. The Commissioner of Highways spends most of his time seeing delegations who come to discuss with him their highway problems. Frequently they come from the most distant points in the Commonwealth. The time and expense involved in their travel is considerable; and, though he works 20 hours a day, it is impossible for any single man to meet these delegations, listen to their problems, and give to their recommendations the thoughtful consideration to which they are entitled. An advisory commissioner is easily accessible to local people. He knows, first hand, the needs of his district for roads and he can lend an ear to his people and furnish intelligent advice to the Commissioner. I am very certain

the creation of Advisory Commissioners will meet with the approval of the overwhelming majority of the people of the Commonwealth.

(5) A new Division of Farm Management has been created within the Department of Welfare in an effort to strengthen the related program which dates from my previous administration. It is believed that this division can secure more economical and more efficient operation than has been achieved in the past. It will assist every agency of the state which has a farm to increase the production and to utilize to better advantage the available equipment, produce, and personnel.

(6) The functions of the Strip Mining and Reclamation Commission have been transferred to a division of the Department of Conservation where these activities properly belong. The functions of the Commission have been retained intact. The only change is in the administration.

(7) We have taken from the Department of Conservation the Division of Publicity and created a Department of Public Relations. The Department of Public Relations serves many other departments of the state government. Its functions are to publicize natural resources, agriculture, commercial and industrial development, tourists attractions and many other phases of the state government, and it does not logically belong within any of the other departments.

(8) Also given department status is the Agricultural and Industrial Development Board. During my campaign last year, I promised to the farm people that agricultural development would receive renewed interest during my administration. We all know that the marketing of agricultural products, and in part the expansion in the uses of some of these products, should be studied. It is our desire that the new Department of Economic Development will give agriculture a prominent place in its program in order that these promises might be carried out. The problem of industrial development will not be neglected, and the two programs can be coordinated, using the same technical assistance for expansion of both.

(9) A new department of government, replacing the Department of State Police, to be known as the Department of Public Safety, has been created. Within this department will come a Division of Kentucky State Police, a Division of Fire Prevention and a Division of Operator Responsibility, which function has been transferred from the Department of Revenue where it had little relevance. Also within the Department of Public Safety is a Division of Accident Control through which it is hoped to reduce drastically the number of known highway accidents which occur daily in Kentucky.

It is my plan to augment the number of State Policemen—to patrol the highways constantly and to do everything that is humanly possible to reduce the needless loss of life that is occurring in Kentucky daily, to say nothing of the grief, pain and suffering and economic loss which flow from preventable accidents. I am not unaware that safety is everybody's business, and this new department will under-

take to enlist the aid and assistance of every Kentuckian to make its work effective. The prevention of fire loss and the detection of arson is a police function and is being placed where it rightfully belongs. The Department of Insurance should be concerned with the regulation of the insurance industry and with those functions alone. We believe the creation of this Department of Safety and the assignment to it of such activities as are logically police activities will go far toward reducing accidents and affording to the people of Kentucky protection to which they are entitled.

(10) The Lieutenant Governor, in the Reorganization Act, has been made ex officio chairman of the Legislative Research Commission. No elected officer can better carry on the duties required of the Legislative Research Commission than the Lieutenant Governor. He is constantly acquainted with the status of legislation and the need for new legislation. His duties as Chairman of the Legislative Research Commission will be substantial and it is contemplated that he will devote much time to these functions.

(11) Another important shift of duties contained in the Reorganization Act is the work of the Board of Claims. This Board hears and determines claims against the Commonwealth which do not exceed $5,000. At the present time the Board is composed of the Commissioner of Finance, the Attorney General and a judge of the Court of Appeals. Neither of these officers are in a position to adjudge claims against the Commonwealth impartially. The Commissioner of Finance is the "watch dog" of the treasury—the Attorney General is required to resist claims against the Commonwealth—and the judges of the Court of Appeals are required to review claims against the Commonwealth which reach them through judicial proceedings. It has always seemed to me that the composition of this Board is dubious. The Reorganization Act places adjudication of these claims before a Board to be composed of five attorneys who are members of the Workmen's Compensation Board and who, therefore, are completely removed from any considerations which would preclude impartial judgment of the claims which come before them. It is my judgment that this is a needed change in our government.

(12) Another phase of the Reorganization Act, which should be mentioned, is the creation of a Medical Research and Education Commission empowered to contract with any school of medicine in the Commonwealth of Kentucky for the education of medical students and for medical research. Coupled with this plan is a prospective arrangement for reimbursement of students for fees if they practice for a specified period in counties which lack decent medical service. This Commission is the vehicle by which we hope to induce doctors to locate in critical areas in Kentucky where they are needed so badly. Nothing is accomplished quickly, but we believe it will alleviate the critical shortage of doctors in Kentucky as quickly as any plan which has yet been devised.

I have not undertaken to acquaint you with all of the details of the 1956 Reorganization Act. The Proposed Act will be available to you tomorrow. I hope you will study it closely and that you will find merit in it. This proposed Act represents much time and effort. It has been carefully considered, and we believe it is adequate to accomplish such reorganization of the state government as is needed at this time. Of course, I welcome your constructive criticism, but I hope you will not criticize without thoughtful reflection. My aim and my purpose is to enact a framework of laws which will permit all branches of the state government to be as helpful as possible to our citizens—to make the pursuit of happiness a little easier—to make their way of life a little better.

Mr. Morgan moved that the Joint Session of the General Assembly do now dissolve. Agreed.

The Speaker resumed the Chair and called the House to order.

Mr. Morgan moved that the House adjourn until 10:00 A.M., February 29th. Agreed.

TUESDAY, FEBRUARY 28, 1956

SECOND LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by Elder Eddie Beshear of the Primitive Baptist Church, Dawson Springs, Kentucky.

The roll was called. All present except Billington, Caudill, Davidson, Davis, Farmer, Freeman, Griffin, Heyburn, Hilton, Durham Howard, Lambert, Lowman, Melton, Murphy, Newsom, Nunnelley, Ockerman, Qualls, Ratcliffe, John B. Reed, Reynolds, and Tinsley, who were granted leaves of absence on motion of Representative Morgan.

Reading of Journal for February 27, 1956, dispensed with and the same approved on motion of Representative Isler.

Introduction of Bills

HB 1, by Representative Morgan: AN ACT to reorganize the departments and agencies of the state government for the purpose of providing for better service and economy.

Recess

Representative Morgan moved that the House do now recess until 2:00 P.M. Agreed. At the appointed hour, the Speaker resumed the Chair and called the House to order.

Report of Committee

Representative Morgan moved that the rules be suspended for a Committee Report. Agreed.

Committee on Rules reported **HB 1** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

HB 1: AN ACT to reorganize the departments and agencies of the state government for the purpose of providing for better service and economy; providing for the departments and independent agencies therein specified; abolishing certain departments and agencies; creating others; transferring others; defining the organization, powers and duties of offices, departments, boards, commissions and other agencies that are hereby created and providing for their coordination; fixing terms of office, salaries, methods of appointments and election to, duties of, qualifications for, and methods of removal from offices and positions.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

ARTICLE I. ADMINISTRATIVE DEPARTMENTS

Section 1. Section 12.020 of the Kentucky Revised Statutes is amended to read as follows:

Except as otherwise provided by law, the functions of the state are divided among the constitutional administrative departments, statutory administrative departments and independent agencies as follows.

I. Constitutional Administrative Departments:
1. The Governor.
2. Department of State.
3. Department of Law.
4. Department of the Treasury.
5. Department of Agriculture, Labor and Statistics.
6. Department of Education.
7. Department of Military Affairs.

II. Statutory Administrative Departments:
1. Department of Finance.
2. Department of Personnel.
3. Department of Revenue.
4. Department of Highways.
5. Department of Welfare.
6. Department of Health.
7. Department of Mental Health.
8. Department of Industrial Relations.
9. Department of Mines and Minerals.
10. Department of Aeronautics.
11. Department of Banking.
12. Department of Fish and Wildlife Resources.
13. Department of Alcoholic Beverage Control.
14. Department of Conservation.
15. Department of Public Relations.
16. Department of Economic Development.
17. Department of Economic Security.
18. Department of Motor Transportation.
19. Department of Insurance.
20. Department of Public Safety.
21. Department of Business Regulation.

III. Independent Agencies:
1. Auditor of Public Accounts.
2. Board of Election Commissioners.
3. Board of Registration and Purgation.
4. Railroad Commission.
5. State Racing Commission.
6. Public Service Commission.
7. Soil Conservation Committee.
8. County Debt Commission.

and all other agencies that are by statute designated as independent agencies.

Section 2. Section 12.040 of the Kentucky Revised Statutes is amended to read as follows:

(1) The heads of departments enumerated in KRS 12.020 shall have direction and control of their respective departments, and through their departments shall exercise the powers and perform the duties vested in the departments under their direction and control and in any agencies thereof. Except as otherwise expressly provided by law, the heads of statutory administrative departments shall be appointed by the Governor for terms not to exceed four years on the basis of their merit and fitness to perform the duties of their respective offices.

(2) The heads of all departments shall exercise supervision over the personnel and financial records of their respective departments.

(3) In case of a vacancy or in the absence or disability of the head of a statutory administrative department, the Governor may authorize the head of a division or other administrative officer to act as head of the department.

ARTICLE II. DEPARTMENT OF EDUCATION

Section 1. Section 156.020 of the Kentucky Revised Statutes is amended to read as follows:

The Superintendent of Public Instruction shall recommend to the State Board of Education the appointment of an Assistant Superintendent of Public Instruction who is authorized to act in the absence of the Superintendent of Public Instruction.

Subject to KRS, Chapter 12, the Superintendent of Public Instruction shall also recommend for the approval of the State Board of Education the establishment of such divisions of the State Department of Education as he deems necessary for the successful administration and supervision of the common schools and other educational agencies placed under the management and control of the State Board of Education. He may group the established divisions under such bureaus as he deems wise.

Section 2. Section 156.095 of the Kentucky Revised Statutes is amended to read as follows:

The State Department of Education is hereby authorized to establish, direct and maintain a state-wide program of in-service teacher training. Said program shall be organized and operated for the purpose of improving instruction in the public common schools and for the improvement of the leadership qualities and professional competence of principals, supervisors and teachers and for such other services in the improvement of instruction in the public common schools as may be approved from time to time by the State Board of Education on the recommendation of the Superintendent of Public Instruction.

Section 3. Section 156.140 of the Kentucky Revised Statutes is amended to read as follows:

The Superintendent of Public Instruction shall have general supervision of all the assistants, agents and employees in the department. He shall, subject to the provisions of Article IV hereof and KRS, Chapter 12, appoint and set the salary of all division heads, assistants, agents and employees of the department, but the appointment and dismissal of all division heads and other professional staff members shall be upon the approval of the State Board of Education.

Section 4. Section 157.210 of the Kentucky Revised Statutes is hereby repealed.

Section 5. There is hereby established within the Bureau of Rehabilitation Services of the Department of Education the Kentucky Industries for the Blind which shall provide training and employment for adult blind persons.

Section 6. All personnel, functions, appropriations, assets, liabilities and property, both real and personal, of the Kentucky Workshop for the Blind are hereby transferred to the Kentucky Industries for the Blind.

Section 7. Section 167.190 of the Kentucky Revised Statutes is hereby repealed.

ARTICLE III. DEPARTMENT OF FINANCE

Section 1. Subsection (1) of Section 56.440 and Section 56.450 of the Kentucky Revised Statutes are hereby repealed.

Section 2. The State Property and Buildings Commission is hereby abolished. The functions of the Commonwealth relating to state property and buildings provided in KRS 56.450 to 56.550 shall be performed by the Department of Finance, with the engineering functions to be performed by licensed graduate engineers, as the Commissioner of Finance, with the approval of the Governor, may direct.

Section 3. The records, property, personnel, any unexpended appropriation balances and trust and agency funds maintained for carrying out the functions of the State Property and Buildings Commission heretofore provided in KRS 56.440 to 56.550 are hereby transferred to the Department of Finance.

Section 4. Section 56.460 of the Kentucky Revised Statutes is hereby amended to read as follows:

The Department of Finance, under the direction of the Commissioner of Finance, with the approval of the Governor, shall have the power and duty:

(1) To determine the comparative needs and demands of the

various state agencies for acquiring real estate and for building projects.

(2) To expend the capital outlay appropriation, referred to in Section 5 of 1949, ex. s., c. 11, for the purpose of acquiring real estate and for building projects for any state agency, and for matching federal funds available under Public Law No. 725 (79th Congress) Chapter 958, Second Session or any other federal law now existing or hereafter enacted, for the purchase, construction, improvement or repairing of property to be used for public purposes, whether owned by the Commonwealth, or by any agency thereof, or by any political subdivision or municipality, or by nonprofit corporations or associations; and where so expended for matching federal funds the provisions of subsection (5) of this section and the provisions of KRS 56.530 shall not be applicable.

(3) To purchase, lease or rent such real estate as the Commissioner of Finance, with the approval of the Governor, may find to be necessary for use by the state or by any state agency, upon such terms and conditions and for such consideration as may appear to the Commissioner of Finance and to the Governor to be fair and reasonable.

(4) To sell and convey any real estate owned by the state or by any state agency, found by the Commissioner of Finance, with the approval of the Governor, not to be needed for public use or to have become unsuitable for such use, except that this power shall not extend to real estate as to which a particular state agency has the power, as recognized in subsection (2) of KRS 56.500, to sell or convey with the approval of the Commissioner of Finance and the Governor.

(5) (a) To control the use of any real estate owned by the Commonwealth, and to determine for what periods of time and for what purposes any state agency may use the same, including the agency for whose use it was initially acquired or improved, and to determine what appropriate uses shall be made of such real estate during periods that the Commissioner of Finance, with the approval of the Governor, finds the same is not required for the purposes of any particular state agency.

(5) (b) To determine the housing and furnishings needs of the various state agencies located in Frankfort and to establish and put into effect a permanent program for housing them. The Commissioner of Finance is also authorized and directed to allocate office space and furnishings in existing public buildings located in Frankfort according to the needs of the various agencies and when necessary to provide additional office space and furnishings in Frankfort under any building program he, with the approval of the Governor, deems most advisable and economical for the state. The permanent housing program shall include provisions for housing the General Assembly and its related agencies, including the Legislative Research Commission, the Executive Officers, the Court of Appeals and the Clerk of the

Court of Appeals, the Department of Law and the Law Library, in the New State Capitol. If there be any additional space in the Capitol, it shall be assigned to agencies whose activities are most closely related to the agencies directed to be located permanently in the Capitol.

(6) To acquire, by condemnation in any manner provided in KRS, Chapter 416, any real estate necessary for use by the state or by any state agency, when the Department of Finance, is unable to agree with the owner thereof on a price for such real estate.

(7) To lease any real estate or any part thereof, now owned or hereafter acquired by the state or by any state agency, to any person not a state agency, when the Commissioner of Finance, with the approval of the Governor, finds as a matter of fact that the real estate or any part thereof is not needed for state purposes, except that this power shall not extend to any real estate as to which a particular state agency has power, as recognized in subsection (2) of KRS 56.500, to lease with the approval of the Commissioner of Finance. Any such lease shall be upon such terms and conditions and for such consideration as the Commissioner of Finance, with the approval of the Governor, may prescribe, and shall be in the name of the Commonwealth of Kentucky, and shall be signed by the Commissioner of Finance and lodged for record in the Office of the Secretary of State.

Section 5. Section 56.470 of the Kentucky Revised Statutes is hereby amended to read as follows:

After the Department of Finance, as the Commissioner of Finance, with the approval of the Governor, may determine, has determined the need and demand of any state agency for acquiring real estate or for a building project, the Commissioner of Finance, with the approval of the Governor, is authorized and empowered to provide for and adopt such plans and specifications as may be necessary, to advertise for and receive bids for any expenditures proposed to be made, to award contracts for the purpose authorized, to supervise construction and make such changes and revisions in plans and specifications or in construction as may become necessary, and generally to do any and all other things as may become necessary or expedient in order to effectively fulfill and carry out the purposes for which the State Property and Buildings Commission, which is now abolished, was created, including the right to employ such clerks, engineers, statisticians, architects or other persons required to be employed in order to fulfill the functions of the Commonwealth relating to state property and buildings provided in KRS 56.450 to 56.550, and further to adopt such rules and regulations as may be expedient and which are not in conflict with the general purposes of KRS 56.450 to 56.550. The advertisement for bids and the receipt thereof and the awarding of contracts thereon shall be in accordance with KRS Chapters 12, 42, and 45. Warrants for such expenditures shall be issued by the Commissioner of Finance on the State Treasurer.

Section 6. Section 56.480 of the Kentucky Revised Statutes is hereby amended to read as follows:

The Division of Engineering and Construction of the Department of Welfare, which was created and placed under the direction of the Department of Welfare by executive-administrative order of the Governor of the Commonwealth on October 6, 1944, and which was transferred to the Kentucky Building Commission by Chapter 237 of the Acts of 1948, is hereby abolished, and all personnel, property, equipment, and facilities of that division, including its books, records, studies, plans and specifications shall, upon the effective date of this section, be transferred to and be under the supervision and control of the Department of Finance. The Commissioner of Finance, with the approval of the Governor, may appoint qualified licensed graduate engineers, provided that a qualified graduate engineer may be appointed for a period not to exceed one year without obtaining a license, who shall perform such duties as may be delegated to them from time to time by the Commissioner of Finance. The Department of Finance, with the approval of the Governor, shall prepare such plans and specifications as may be necessary, shall investigate and make studies of the comparative need and demand for acquiring any lands, or for the construction or reconstruction or structural maintenance of any buildings, or for the purchase, installation or construction of any equipment, facilities or furnishings incidental or pertaining thereto, shall make such estimates of cost as may be required in connection with or incidental to the development, purchase, acquisition or construction of the foregoing. The engineering staff shall give such technical assistance and perform such other duties as the Commissioner of Finance may require.

Section 7. Section 56.490 of the Kentucky Revised Statutes is amended to read as follows:

No state agency shall have power or authority to make plans and specifications, advertise for bids, let contracts or incur any financing commitments, either in the way of a charge against public funds or in the way of negotiations for issuance of revenue bonds, for any building project requiring the expenditure of more than $10,000, without first securing the approval and authorization of the Department of Finance, as the Commissioner of Finance, with the approval of the Governor, may direct. The state agency seeking such approval shall submit to the Department of Finance a general description of the proposed project, with such detailed information as the Commissioner of Finance may require. The Department of Finance shall not approve or authorize any such proposed project in any instance where it finds, with the approval of the Governor, that the project is not needed, or that the proposed method of financing is not sound, or in cases where the project is proposed to be paid for out of appropriations, that the cost of completing the project will exceed the amount of the appropriation available therefor, or the work contemplated will be insufficient for

the purposes for which the appropriations were made, or that after providing for the ordinary recurring expenses of government and for debt service and for payments under existing allotment for extraordinary expenses and capital outlay, cash will not be available in the State Treasury to promptly pay for the work during the biennium. The Department of Finance, as the Commissioner of Finance, with the approval of the Governor, may direct, in approving a proposed project may in its discretion elect that the Department of Finance itself, pursuant to the authority conferred by KRS 56.470, shall prepare the plans and specifications, advertise for bids, award the contracts, supervise the construction, and handle the financing negotiations, on behalf of the requesting state agency, or the Commissioner of Finance, with the approval of the Governor, may authorize the state agency so to do in its own behalf.

Section 8. Section 56.500 of the Kentucky Revised Statutes is amended to read as follows:

No state agency, other than the Department of Finance, as the Commissioner of Finance, with the approval of the Governor, may direct, shall have power or authority:

(1) To acquire by purchase, lease, condemnation or other means involving the expenditure of money, any real estate for the use of the state or of any state agency;

(2) To lease, sell or convey any real estate belonging to the state or to any state agency, except that any state agency having the power under other laws to lease, sell or convey real estate devoted to the exclusive use of such agency may continue to exercise that power subject to the approval of the Commissioner of Finance as to each transaction.

Section 9. Section 56.510 of the Kentucky Revised Statutes is amended to read as follows:

(1) In carrying out the purposes of KRS 56.440 to 56.550, and in providing for the expenditure of funds for the acquisition of real estate or for a building project for the state or for any state agency, the Department of Finance, as the Commissioner of Finance with the approval of the Governor, may direct, may specify that the cost may be paid in whole or in part (a) out of the funds appropriated specifically for capital outlay purposes or (b) out of funds directly appropriated to the involved state agency which may legally be available for the purpose, or (c) out of funds derived or which may be derived by the issuance and sale of revenue bonds by the Department of Finance, or with the approval of the Commissioner of Finance and the Governor, by the issuance and sale of revenue bonds by the involved state agency in the manner and to the extent now provided by law, or (d) by any one or a combination of said methods of financing. When any funds appropriated to or standing to the credit of a particular state agency are to be used for a purpose of the character above contemplated, the

head of the agency may direct that the funds be transfererd to the credit of the Department of Finance and made available for expenditure by the Department of Finance for the agreed purpose.

(2) In any case where the expenditures for the acquisition of real estate or for a building project for the state or any state agency are to be financed in whole or in part by the issuance or sale of revenue bonds, the Commissioner of Finance in his discretion may provide that the title to any real estate which may be so acquired shall not vest in the Commonwealth until the revenue bonds, together with the interest thereon, have been paid in full. In such cases the Commissioner of Finance may, by agreement or in a trust indenture securing the payment of such revenue bonds, provide that the title of such real estate may be vested in some other state agency, or in a trustee named in such indenture, until the revenue bonds, together with the interest thereon, have been paid in full.

(3) The Department of Finance, as the Commissioner of Finance, with the approval of the Governor, may direct, in providing for the expenditure of funds for any of the purposes mentioned in this section, or for the issuance and sale of revenue bonds, shall have power to provide by agreement with the state agency affected, or by provision in the trust indenture securing the revenue bonds, such terms and conditions as may be considered appropriate and reasonable so as to permit the leasing to, and use by, any state agency which provides funds either (a) from its own appropriation, or (b) by the issuance of revenue bonds, or (c) by means of a proposal to pay a rental for the use of all or any part of any building proposed to be constructed. The Department of Finance, in making any such lease agreement, or in making provision in any trust indenture securing revenue bonds, is authorized and empowered to lease all or any part of the building for such term and upon such conditions and for such consideration as may appear to be in the public interest.

Section 10. Section 56.520 of the Kentucky Revised Statutes is hereby amended to read as follows:

(1) The Department of Finance is authorized and empowered to issue and sell revenue bonds in such denominations and in such amount or amounts as may be deemed by the Commissioner of Finance to be for the best interest of the Commonwealth and as may be approved by the Governor, for any of the following purposes:

(a) To acquire real estate to be devoted to a revenue-producing use;

(b) To pay all or any part of the expense or cost of or incidental to a building project;

(c) To defray the cost of plans, specifications, blue prints, architectural fees and other expenses authorized to be incurred under the terms of KRS 56.440 to 56.550.

(2) Any revenue bonds so issued shall bear interest at a rate not

exceeding five per cent per annum, payable semiannually, and shall become due and payable not more than forty years from the date of issuance. The payment of the bonds, together with the interest thereon, may be secured by a pledge and a first lien on all of the receipts and revenue derived, or to be derived, from the rental or operation of the property involved. Neither the payment of any bond, nor the interest thereon issued under the authority of KRS 56.440 to 56.550, shall constitute an indebtedness of the Commonwealth of Kentucky, nor shall any bond or interest thereon be payable out of any fund except such funds as may be derived from rentals or other revenues derived from the operation of the properties or from such revenues as may have been, or may be, available for such purpose, or purposes, by law.

(3) All bonds which may be issued by the Department of Finance under the provisions of KRS 56.440 to 56.550 shall be sold as provided in KRS 42.070 after having been duly advertised in a newspaper of general circulation in the Commonwealth during three consecutive weeks and in such other advertising as the Department of Finance may prescribe if it finds additional advertising is necessary.

(4) All competitive bids for the sale of such revenue bonds shall be opened and read publicly by the Commissioner of Finance or his representative at a designated place, day and hour, all of which shall be announced in the advertising made relative thereto.

(5) Except as otherwise specifically provided in KRS 56.440 to 56.550, the Department of Finance is vested with all of the rights, powers and duties set forth and enumerated under Chapter 58 of the Kentucky Revised Statutes.

(6) In the event the Department of Finance issues and sells revenue bonds for a building project as authorized in KRS 56.440 to 56.550, it may carry such insurance, including fire and windstorm, casualty, catastrophe, use and occupancy and such other insurance as the Commissioner of Finance may deem advisable and as may be approved by the Governor in connection with the building project, and may so obligate and bind itself in a trust indenture securing the payment of such bonds. Any such insurance shall be paid for out of funds available for the project.

(7) All money from the sale of revenue bonds shall be deposited in the State Treasury and shall be credited to a special fund to be designated as directed by the Commissioner of Finance, and no part thereof shall be withdrawn from the State Treasury except for the purposes authorized by KRS 56.440 to 56.550, together with the cost incidental to the issuing and selling of such bonds and other expenses directly related thereto. The Department of Finance, as the Commissioner of Finance may direct, may likewise provide in any trust indenture securing revenue bonds for additional terms and conditions thereof, or for other restrictions not in conflict with KRS 56.440 to 56.550.

(8) The authority herein conferred upon the Department of

Finance to issue and sell revenue bonds is intended to, and shall be construed as, a method for the issue and sale of bonds in addition to the right, power and authority which any other state agency may now possess under existing law; the right, power and authority now vested in any state agency to issue and sell revenue bonds for the purposes specified in KRS 56.440 to 56.550, or in any other Act, shall remain in full force and effect.

Section 11. Section 56.530 of the Kentucky Revised Statutes is hereby amended to read as follows:

The Commissioner of Finance, with the approval of the Governor, is authorized to abandon, or cause to be abandoned, the construction of any building which has heretofore been commenced, and to revise, or cause to be revised, the plans and specifications for any such building, or to change, modify or restrict the right of any state agency to occupy any such building, or to wholly abandon any one or more of such construction projects, as the Commissioner of Finance, with the approval of the Governor, may determine to be in the best interests of the Commonwealth, in order that suitable office space and facilities can be provided for all state agencies in the most economical manner and in accordance with sound business principles. In the event the Commissioner of Finance, with the approval of the Governor, determines to abandon, or cause to be abandoned, the construction of any building, or to change the purposes for which such building is being constructed, or for which contracts have been entered into, or were commenced, by the state or any state agency, the Commissioner of Finance, with the approval of the Governor, is authorized to make such equitable adjustment or settlement with the architects, engineers and contractors employed in connection with such construction as he may deem just and equitable. In the event there is an adjustment or settlement with said architects, engineers or contractors, the Department of Finance is authorized to pay the same, or to approve the payment thereof, from any of the funds set forth in KRS 56.510.

Section 12. Section 56.540 of the Kentucky Revised Statutes is hereby amended to read as follows:

Any act including but not confined to debt obligations or action taken, prior to the effective date of this Act, by the State Property and Buildings Commission created by Acts of 1949, ex. s., c. 11, sec. 2, which act or action was of a character authorized by this Act to be done by the Department of Finance, as the Commissioner of Finance, with the approval of the Governor, may direct, is hereby ratified and validated the same as if it had been done by the Department of Finance, as the Commissioner of Finance, with the approval of the Governor, had directed and had been done under the authority of KRS 56.440 to 56.550 as amended by this Act. The Department of Finance is authorized and directed to execute any conveyance or other

writing necessary to perfect any record of action taken by the State Property and Buildings Commission.

Section 13. The approval of the Governor shall be required before any transaction involving land provided for in KRS 56.450 to 56.550 can be carried out by the Department of Finance or by the Commissioner of Finance.

Section 14. The Commissioner of Finance, with the written approval of the Governor, may transfer unneeded portions of appropriations for construction of particular projects from one project to another or to others, whether for the same or for a different agency, in order to secure most efficiently the construction program according to the policy reflected in appropriations of the legislature.

Section 15. Information on revenue bonds issued by the Commonwealth and by the agencies and institutions thereof shall be assembled and published under the direction of the Commissioner of Finance.

Section 16. The functions provided in KRS 56.460 (2) and 56.510 (1) (a) shall be continued for not longer than two years after the effective date of this Act after which said functions shall be abolished.

Section 17. There is hereby created within the general fund a special buildings fund from which expenditures shall be made in carrying out the provisions of this Act. Unexpended balances in the buildings fund shall carry forward from year to year without lapse.

Section 18. Section 42.020 (1) of the Kentucky Revised Statutes is hereby amended to read as follows:

The Department of Finance shall be headed by a Commissioner of Finance and shall be divided for administrative purposes into a Division of the Budget, a Division of Accounts, a Division of Purchases and a Division of Services.

Section 19. Subsection (1) of Section 42.030 is amended to read as follows:

The Department of Finance shall have and exercise all administrative functions of the state, except as otherwise provided by law, in relation to:

(a) Developing financial policies and plans for consideration by the Governor as the basis for his budget and recommendations to the General Assembly, and preparing the detailed documents in accordance with the financial plans of the Governor for presentation to the General Assembly.

(b) Coordinating and supervising the fiscal affairs and fiscal procedures of the state to insure the carrying out of the definite financial policies and plans approved by the General Assembly.

(c) Accounting, including budgetary accounting and accounting control of the incurring of obligations.

(d) Fiscal reporting.

(e) Preauditing of expenditures and current auditing of receipts and receivables.

(f) Purchasing and storekeeping and control of property and stores.

(g) Keeping accounts controlling all receivables of the state.

(h) Maintaining and operating public buildings, except those provided for the exclusive use of any one agency.

(i) Auditing the accounts of the Treasurer and the Auditor of Public Accounts, as contemplated by section 53 of the Constitution.

Section 19. Section 41.220 of the Kentucky Revised Statutes is amended to read as follows:

(1) Not less than three solvent banks shall be designated as depositories for state funds. Each bank designated shall have not less than the minimum capital stock as required in paragraphs (2) and (3) of KRS 287.070. Between meetings of the State Investment Commission, banks shall be designated as depositories for state funds upon agreement of the State Treasurer and the Commissioner of Finance. Those designated shall be entered in the executive journal. If at any time it appears that the capital of any depository has become impaired, the state's deposits shall be withdrawn and another depository named.

(2) The State Treasurer and the Commissioner of Finance shall determine the needs for moving state funds from one designated depository to another.

Section 20. Section 42.070 of the Kentucky Revised Statutes is amended to read as follows:

(1) All persons, firms or corporations who are in a position to and desire to bid on and furnish any of the materials, supplies or equipment usually purchased by the Division of Purchases during the year may at any time file with such division its or their name or names, together with the character and kind of such materials, supplies and equipment which it or they may desire to bid on and furnish, and such names shall be recorded in some record kept in the office of said division giving the name and address and identifying such materials, supplies or equipment as each may be able and desires to bid on and furnish. The Division of Purchases may employ this roster and other available sources of information as a basis for inviting bids. Said division, with the approval of the Commissioner of Finance, may require prebidding qualifications of vendors, including if deemed desireable, the giving of bond to insure contract performance. The Division of Purchases, with the approval of the Commissioner of Finance, may remove from its lists of eligible bidders the name of any firm whose performance has failed to meet standards set by the division. Said division shall require bidding, except in the case of purchases of three hundred dollars or less; and, in the interest of state economy, it may require competitive bidding on purchases of three hundred dollars or less. The Division of Purchases shall send to

prospective bidders reasonable written notice of proposed purchases. Said notices shall state also the time and place of receiving and opening bids, and any other information said division may deem to be in the best interest of the state, and all said bids shall be made in writing, typewritten or in ink; sealed, and opened and read publicly by said division as they are opened and after due consideration contract shall be awarded to the lowest and best bidder, unless in the discretion of said division, no satisfactory bid has been received, in which event any or all bids may be rejected and new bids requested as herein provided by giving further notice to prospective bidders as herein provided or by advertisement, and pending delay said division may make such purchases as will relieve pressing emergencies. In the event no bids are received, such emergency purchases may be made until new bids are advertised for and received. A statement setting forth the reason for each emergency purchase shall be filed as part of the record on each emergency purchase. In case any or all bids are rejected as unsatisfactory, the said division may negotiate purchase, at a price or prices lower than the lowest and best bid or bids rejected, of any or all of the materials, supplies or equipment proposed to be purchased.

Section 21. The Superintendent of Public Instruction, as executive officer of the State Board of Education, upon application and requisition to the Division of Purchases in the Department of Finance, is hereby authorized and directed to secure price contract agreements for the purchase of school busses by all district boards of education. The Division of Purchases shall enter into price contract agreements under established purchasing procedure in keeping with KRS 42.060 to 42.070 inclusive. Said price contract agreement shall establish sources of supply, maximum prices to be paid and shall set forth the length of time for which contracts shall be valid.

Section 22. All school busses for which bids are made or bid contracts awarded shall meet the standards and specifications of the State Board of Education. The term "school bus," as used in this section, shall mean any motor vehicle which meets the standards and specifications for school busses as provided by law or by the standards or specifications of the State Board of Education authorized by law and used solely in transporting school children and school employees to and from school under the supervision and control and at the direction of school authorities, and shall further include school bus accessory equipment and supplies and replacement equipment considered to be reasonably adaptable for purchase from price contract agreements.

Section 23. The Superintendent of Public Instruction shall make available to all district boards of education full information respecting established price contract agreements, and any or all districts may procure busses from sources and at prices, terms and conditions incorporated in said price contract agreements. Any district board of education may take its own bids on school busses which meet the

specifications of the State Board of Education for school busses for which price contracts have been established, provided the Superintendent of Public Instruction approves the bids and purchase contract as meeting specifications of the State Board of Education. However, no district board of education shall purchase school busses under the terms of this section unless the Superintendent of Public Instruction shall certify that the purchase price is lower than prices set forth in established price contract agreements for similar equipment.

ARTICLE IV. DEPARTMENT OF PERSONNEL

Section 1. (1) There shall be in the state government a Department of Personnel, a statutory administrative department within the meaning of KRS, Chapter 12, the executive head of which shall be a Commissioner of Personnel.

(2) The Department of Personnel shall have and exercise all administrative functions of the State, except as otherwise provided by law, in relation to administration of all laws of general application relating to the personnel employed by the Commonwealth. All such functions heretofore vested in the Division of Personnel in the Department of Finance are hereby transferred to and vested in the Department of Personnel.

Section 2. (1) The Commissioner of Personnel shall be appointed by the Governor as provided in KRS 12.040 for the heads of statutory administrative departments and shall be chosen on the basis of training, experience and qualifications for the position, and shall have had at least four years experience in personnel management or equivalent experience, and shall preferably have had specialized training in personnel administration.

(2) Subject to the provisions of KRS, Chapter 12, the Department of Personnel, under the direction of the Commissioner of Personnel, shall:

(a) Test and pass upon the qualifications of all applicants for appointment to and promotion in the various positions in the several agencies of the state government, except as hereinafter provided;

(b) Establish employment and reemployment lists from which appointments are to be made to the various positions in the state service;

(c) Prepare and maintain a roster of all employees in the state service, showing for each employee his name, post office address, title of position held, rate of compensation, changes in status, transfers, sick leave and vacations, and any other pertinent facts;

(d) Ascertain the correctness and validity of all payrolls before they may be lawfully authorized for payment, or supply to another Department the proper data for so doing;

(e) Ascertain and record the duties, responsibilities and authority

pertaining to the various positions in the state service, and classify such positions in the manner hereinafter provided;

(f) Make studies for each class of position of the rates being paid for similar or comparable services elsewhere and other information pertaining to proper rates of compensation, and prepare a schedule of compensation for each class of position with a minimum salary rate, a maximum salary rate, and such intermediate salary rates as are deemed necessary and equitable;

(g) Devise, install and administer service-rating systems and training courses for employees as far as practicable;

(h) Arrange for and pass upon transfers, and regulate annual and sick leaves and special leaves of absence, hours of work, layoffs and removals;

(i) Transfer employees temporarily from one department to another department, when necessary to expedite the work of any department;

(j) Certify to each state agency such persons eligible under subsection (2) (a) of this section as the agency deems necessary for efficient service in established positions;

(k) Make investigations pertaining to personnel, salary scales and employment conditions in the state service;

(l) Prepare, adopt and administer such rules and regulations as are necessary to carry out the provisions of this section and of KRS 42.150 and of sections 5 to 9 hereinafter.

Section 3. (1) The Department of Personnel shall determine the qualifications of applicants for positions in the state service by tests, in connection with which appropriate credit shall be allowed for experience in public service or in private employment of comparable character. The tests may be written, oral or physical, or in the form of a demonstration of skill, or any combination of these, and shall be of such character as fairly to determine the fitness and ability of the person tested actually to perform the duties of the class of position to which he seeks appointment. The tests shall be competitive, free and open to all persons who may be lawfully appointed to any position in the class for which they are held, with such limitations as to age, residence, health, habits, character and sex as the Department considers desirable and specifies in the public announcement of the test. For positions involving unskilled or semiskilled labor, or involving domestic, attending, housekeeping or custodial services at institutions where the character of the work, the relatively low rate of compensation, or the place of work make it impracticable to secure at stated times a sufficient number of applicants to supply the needs of the service, the department may provide by regulation for the testing of applicants, singly or in groups, at stated places for such unskilled or semiskilled labor, and at institutions or elsewhere for domestic, attending, housekeeping or custodial service, the tests to be given at any time on due notice thereof but without public announcement.

(2) Heads of administrative departments and divisions and their private secretaries, members of state boards and commissions, judges and employees thereof, Representatives and the Senators, directing heads of the state university, colleges and other state schools and all professors, teachers and staffs in such schools shall be exempt from the tests required in this section. All other appointive officers and employees entering state employment shall pass the required tests before they shall be eligible for appointment, except that the Department of Personnel may authorize the filling of a position at once by a provisional appointment, not renewable, for not more than four months, and may authorize temporary appointments, with or without tests and not renewable, for a period not exceeding three months.

(3) Subject to KRS, Chapter 12, the Department of Personnel shall ascertain the duties and responsibilities of all positions in the state service, and maintain a classification plan with rules for its administration. The classification plan shall show for each class of position: the title given to each class; a statement of duties and responsibilities of those holding positions in each class; the minimum qualifications required; the natural and probable lines of promotion to and from the class; and the appropriate salary ranges, showing minimum, maximum and intermediate rates for each class.

(4) In establishing any employment list following tests for entrance into state service, the Department of Personnel shall place on the list, in the order of the earned ratings on the complete tests, the names of persons who show they possess the qualifications that render them eligible to appointment when a vacancy in any position allocated to the class occurs. Except as otherwise provided in this section, all appointments, including promotions, made by the executive or appointing officers of all agencies of the state government shall be from employment lists furnished or approved by the department. The department shall provide by rule for the consolidation, continuation and cancellation of employment lists and for the removal of names therefrom for good cause.

Section 4. (1) The appointing officer of each state agency shall notify the Department of Personnel immediately of changes in the status of any subordinate officer or employee with respect either to position or salary, whether or not the position is exempt from the requirements of section 5.

(2) Before compensation may be lawfully paid to state officers or employees, the Department of Finance may demand supporting information sufficient to ascertain that the persons whose names appear on the payrolls have been legally employed for the performance of the duties indicated at the compensation rates and for the periods for which pay is claimed.

Section 5. The appointing officer of each state agency may remove any subordinate officer or employee under his jurisdiction, and

upon doing so he shall forthwith notify the Department of Personnel. If the subordinate officer or employee so removed requests it in writing, the officer who removed him shall file with the department a statement setting forth the reasons for the removal, which statement shall be open to public inspection. In all such cases the action of the officer making the removal shall be final if he acted within his authority.

Section 6. Sections 42.110, 42.120, 42.130 and 42.140 of the Kentucky Revised Statutes are hereby repealed.

Section 7. Upon the effective date of this Act all property, except as otherwise herein provided, officers and employees held by or employed by the Department of Finance for use in carrying out personnel functions and all appropriation balances to the credit of the Department of Finance expressly earmarked for use in carrying out personnel functions shall be transferred to the Department of Personnel for use in carrying out the purposes of this Act.

Section 8. Nothing in this Act is intended to alter the Merit Systems now in existence. The Department of Personnel may, however, perform examination, training and other personnel functions for these agencies with the agreement of the Commissioner of Personnel and the Commissioner of the department concerned.

ARTICLE V. DEPARTMENT OF HIGHWAYS

(1) There shall be a State Highway Commission which shall serve in an advisory capacity to the Commissioner of Highways. The Commissioner of Highways shall serve as ex officio member of the State Highway Commission.

(2) In addition to the Commissioner of Highways, the Commission shall be composed of advisory commissioners appointed by the Governor for four-year terms. One advisory commissioner shall be appointed from each of the state highway districts established by the Commissioner of Highways with the written approval of the Governor. Each advisory commissioner shall be reimbursed for his actual and necessary travelling expenses. The State Highway Commission shall hold meetings at the seat of government or at a place designated by the Commisisoner of Highways at any time specified by the Commissioner of Highways.

(3) The advisory commissioners shall visit the fiscal courts and have hearings in the various counties of their districts, ascertain the condition and needs of the state highways in their respective districts and acquaint the Commissioner of Highways from time to time as to such conditions and needs. They shall advise the Commissioner of Highways relative to the personnel needs and the personnel efficiency of the state highway forces in their respective districts, and, when counties indicate their desire for the department to aid in the main-

tenance of county roads, advise the Commissioner as to the most practical plans for the maintenance of county highways in the several counties of their respective districts. The advisory commissioners individually and when acting together as the State Highway Commission shall have no administrative authority or responsibility in the operation of the department.

ARTICLE VI. DEPARTMENT OF WELFARE

Section 1. (1) There is hereby created in the Department of Welfare a Division of Farm Management. The Division shall be headed by a director, appointed by the Commissioner of Welfare, with the approval of the Governor, who shall have had training or experience in farm management.

(2) Such personnel as are needed to carry out the functions of the division shall be appointed and compensated as provided by KRS, Chapter 42.

Section 2. (1) The Division of Farm Management may provide specialized consultation and management services for all state institutional farms; create a clearing house for the interchange of information, surplus produce, equipment, or land; plan and coordinate farm programs and provide liaison between farms and between departments.

Section 3. (1) There is hereby created an Advisory Board of Farm Management. The Commissioner of Welfare, the Commissioner of Mental Health, the Commissioner of Conservation and the Commissioner of Agriculture shall be members of the board.

(2) The board shall act in an advisory capacity to the director of the Division of Farm Management. It shall provide for long-range planning for land usage, manpower usage, and production goals. It shall cooperate with the University of Kentucky College of Agriculture, State Soil Conservation Service, and other agencies.

Section 4. (1) The funds for administering this act may be prorated among the departments served. Funds for capital outlay and farm receipts may be placed in a central fund and administered by the director subject to the provisions of KRS, Chapters 42 and 45.

ARTICLE VII. DEPARTMENT OF CONSERVATION

Section 1. Subsection (8) of Section 350.010 of the Kentucky Revised Statutes is hereby amended to read as follows:

(8) "Director" means the Director of the Division of Strip Mining and Reclamation of the Department of Conservation.

Section 2. The Strip Mining and Reclamation Commission is hereby abolished. The functions of the Strip Mining and Reclamation Commission provided in KRS Chapter 350 are hereby transferred to and shall be performed by the Department of Conservation, except

as otherwise provided. Any reference in KRS Chapter 350 to the Strip Mining and Reclamation Commission or the "Commission," henceforth shall be construed to be a reference to the Department of Conservation.

Section 3. The Director of the Division of Strip Mining and Reclamation shall be appointed by the Commissioner of Conservation in accordance with KRS 12.050.

Section 4. The records, property, personnel, any unexpended appropriation balances and trust and agency funds maintained for carrying out the functions of the Strip Mining and Reclamation Commission provided in KRS Chapter 350, are hereby transferred to the Department of Conservation for use in carrying out the same functions.

Section 5. Section 350.050 of the Kentucky Revised Statutes is hereby amended to read as follows:

The Division of Strip Mining and Reclamation of the Department of Conservation, under the supervision of the Commissioner of Conservation, shall have and exercise the following authority and powers:

(1) To exercise general supervision and administration and enforcement of this chapter and all rules and regulations and orders promulgated thereunder;

(2) To encourage and conduct investigations, research, experiments and demonstrations, and to collect and disseminate information relating to Strip Mining and the reclamation of lands and waters affected by strip mining;

(3) To adopt, after giving notice to all operators actively engaged in strip mining and affording them an opportunity to appear and offer evidence at a public hearing, general rules and regulations pertaining to strip mining to accomplish the purposes of this chapter;

(4) To adopt, without hearing, rules and regulations with respect to procedural aspects of hearings, the filing of reports and orders, the issuance of permits and other matters of procedure and administration;

(5) To issue, after hearing, orders requiring the adoption by an operator of such remedial measures as are found to be necessary for the reclamation of the area of land affected by his operation;

(6) To examine and pass upon all plans and specifications submitted by the operator for the reclamation of the area of land affected by his operation;

(7) To make investigations or inspections which may be deemed necessary to insure compliance with any provision of this chapter, and to examine or compel the production of any records or memoranda relating to a strip mining operation;

(8) To conduct hearings under regulations of the Division of Strip Mining and Reclamation that have been approved by the Commissioner of Conservation, and to compel the attendance of witnesses and examine them under oath at such hearings.

Section 6. Subsection (1) of Section 350.060 of the Kentucky Revised Statutes is hereby amended to read as follows:

(1) After July 1, 1954, no operator shall engage in strip mining without having first obtained from the Department of Conservation a permit designating the area of land affected by the operation. The permit shall authorize the operator to engage in strip mining upon the area of land described in his application for a period of one year from the date of its issuance.

Section 7. Section 350.160 of the Kentucky Revised Statutes is hereby amended to read as follows:

Any person aggrieved by any Department of Conservation order, determination, ruling or regulation as to strip mining may apply to the Department of Conservation for a review thereof within thirty days after the issuance thereof. The department shall review the matter as soon as practicable, shall hear the parties, their representatives and witnesses, and shall make a final determination of the issue, a copy of which shall be mailed to the complainant. Within twenty days after the mailing of a copy of the final determination, any person aggrieved may appeal therefrom on any question of law, including adequacy of evidence, to the Franklin Circuit Court. The complaint shall state fully the grounds upon which a review is sought and assign all errors relied on. Two copies of the complaint shall be filed with the Department of Conservation on the day it is filed with the Clerk of the Franklin Circuit Court. The appellant shall file as a part of his complaint the record before the Department of Conservation, including all pleadings, orders and such parts of the evidence as he believes necessary to develop the points involved. The Department of Conservation may certify other portions of the evidence. To facilitate final adjudication of the matter, the department shall furnish to the appellant, on payment of a reasonable fee to be fixed by the department, a certified copy of such parts of the record as he may require. The case shall then be heard by the court on the record, except that either party may introduce evidence of fraud. Except as otherwise expressly provided, the Rules of Civil Procedure shall govern procedure involving appeals under this section.

Section 8. Sections 350.030, 350.040, and subsection (9) of Section 350.010 of the Kentucky Revised Statutes are repealed.

Section 9. Section 146.070 is amended to read as follows:

The Division of Archaeology shall collect, classify and preserve archaeological relics and materials, preserve archaeological sites, and conduct archaeological research. The head of the Department of Anthropology of the University of Kentucky is director, ex officio, of the Division.

Section 10. Section 146.010 of the Kentucky Revised Statutes is amended to read as follows:

(1) The Department of Conservation shall exercise all administrative functions of the state relating to:

(a) The operation and maintenance of parks and museums, except those allocated to the Historical Society;

(b) The conservation and protection of natural resources, except wildlife;

(c) Flood control for all purposes, and water usage for municipal and industrial purposes; and

(d) Strip mining and reclamation, heretofore performed by the Strip Mining and Reclamation Commission, except as otherwise provided.

(2) The Department of Conservation may exercise the right of eminent domain as provided in KRS 148.060 and 148.070.

Section 11. Subsection (2) of Section 146.020 of the Kentucky Revised Statutes is amended to read as follows:

(2) The Department shall be divided into a Division of Parks, a Division of Forestry, a Division of Archaeology, a Division of Soil and Water Resources, a Division of Strip Mining and Reclamation, and the Flood Control and Water Usage Board.

Section 12. Section 146.090 of the Kentucky Revised Statutes is amended to read as follows:

(1) The Soil and Water Resources Commission shall consist of nine members, not more than five of whom shall be of the same political party, to be appointed by the Commissioner of Conservation with the approval of the Governor.

(2) One member shall be appointed from each of the districts from a list of two names submitted from each such district by the supervisors of the soil conservation districts that have their principal offices therein. All members shall be supervisors of soil conservation districts.

(3) The term of office of each such member shall be four years except that as to the members first appointed the Commissioner of Conservation shall designate three members for terms of two years, three for three years, and three for four years; provided that, whenever a member of the commission ceases to hold the office of district supervisor by virtue of which he is serving on the commission, his term of office as a member of the commission shall be terminated, in which case, and in the case of any other vacancy other than one caused by the expiration of a term, a successor shall be appointed by the Commissioner of Conservation to serve the remainder of the unexpired term.

(4) The members of the commission shall designate a chairman from among their members and may from time to time change such designation. The commission shall keep a record of its official actions. A majority of the commission shall constitute a quorum. The commission may call upon the Attorney General for such legal services as

it may require. It may delegate to its chairman, any of its members, the director of the division or any officer, employee, or agent, such powers and duties as it deems proper. Members of the commission shall receive no compensation for their services, but shall be entitled to expenses, including traveling expenses, necessarily incurred in discharging their duties.

Section 13. Section 146.100 of the Kentucky Revised Statutes is amended to read as follows:

(1) The Commissioner of Conservation, with the approval of the Soil and Water Resources Commission, shall appoint a director of the Division of Soil and Water Resources who shall be a graduate of a recognized agricultural college, with at least five years of practical experience in professional agricultural activities and who shall serve as executive officer for the commission. The director shall serve at the will of, and receive such compensation as may be determined by the Commissioner of Conservation, and before entering upon his duties shall take the constitutional oath. The director shall hold no other public office or employment. In addition to any other duties assigned to him by the Commissioner of Conservation, the director shall exercise, subject to the approval of the commissioner, general administrative supervision over all activities, employees and property of the commission.

(2) The Commissioner of Conservation may employ such other officers, employees, and agents as he deems necessary and shall provide for surety bonds for members, the director, officers, employees or agents if entrusted with funds or property.

ARTICLE VIII. DEPARTMENT OF PUBLIC RELATIONS

Section 1. (1) There shall be in the state government a Department of Public Relations, a statutory administrative department within the meaning of KRS, Chapter 12, the executive head of which shall be a Commissioner of Public Relations, who shall be appointed by the Governor as provided in KRS 12.040 for the heads of statutory administrative departments.

(2) The Department of Public Relations shall have and exercise all administrative functions of the State, except as otherwise provided by law, in relation to the publicizing of natural resources, agricultural, commercial and industrial development, and tourist attractions.

Section 2. The Department of Public Relations shall promote, advertise and publicize the Commonwealth, its departments, agencies, and institutions, highways, bridges, tourist attractions and any and all of its other resources, facilities and advantages. The department may engage in the preparation, publication and distribution of road maps, booklets, other publications, photographs, advertisements, motion pictures and other activities intended to advertise and publicize Ken-

tucky highways and highway conditions, tourist, scenic and travel attractions and places of interest to motorists, and other resources or activities of the Commonwealth. The department may purchase space in magazines, newspapers and other publications, purchase radio or television time, and may cause to be made and circulated all maps, prints, plans, lithographs, engravings and other specialized work deemed necessary in the dissemination of information concerning roads and highways, tourist attractions and other resources or activities of the Commonwealth. The department may receive and spend donations, and may allocate costs of promotion to the Department so benefited with agreement of said department and with approval of the Department of Finance.

Section 3. The records, property, personnel, any unexpended appropriation balances and trust and agency funds maintained for carrying out the functions of the Division of Publicity of the Department of Conservation provided in KRS, Chapter 146, are hereby transferred to the Department of Public Relations.

Section 4. Section 146.060 of the Kentucky Revised Statutes is hereby repealed.

ARTICLE IX. DEPARTMENT OF ECONOMIC DEVELOPMENT

Section 1. Sections 147.260 through 147.310 of the Kentucky Revised Statutes are hereby repealed.

Section 2. *Definitions.* As used in this chapter, unless the context requires otherwise:

(1) "Department" shall mean the Department of Economic Development;

(2) "Board" shall mean either the Agricultural Development Board or the Industrial Development Board as the context shall require;

(3) "Commission" shall mean the Economic Development Commission;

(4) "Commissioner" shall mean the Commissioner of the Department of Economic Development.

Section 3. (1) There is hereby created an agency of the state government to be known as the Department of Economic Development, which shall constitute a statutory administrative department of the state government within the meaning of Kentucky Revised Statutes, Chapter 12. The Department shall consist of a Commissioner, an Agricultural Development Board, an Industrial Development Board, an Economic Development Commission, and such employees as are provided in this Act.

(2) The Department shall be the successor to the Agricultural and Industrial Development Board and all records, properties, facilities,

responsibilities and employees of that agency are hereby transferred to this department.

(3) The Department, subject to the provisions of Kentucky Revised Statutes 12.010 through 12.190 shall be organized into a division devoted to agricultural development, a division devoted to industrial development and such other divisions and sections as are from time to time deemed necessary for the proper and efficient operation of the Department.

(4) The executive officer of the Department shall be the Commissioner of the Department of Economic Development. He shall be appointed by the Governor and shall serve at the pleasure of the Governor. The Commissioner shall have general supervision and direction over all activities and functions of the Department and its employees, and shall be responsible for carrying out the programs and policies determined by the Boards and the Governor. He shall be the chief executive officer of the Department and, as such, shall have authority to enter into contracts, subject to the approval of the Commissioner of Finance, when such contracts are deemed necessary to implement and carry out the program of the Department. He shall reimburse the travel expenses of Commission and Board members.

Section 4. (1) *Agricultural Development Board.* There is hereby created in the Department an Agricultural Development Board composed of not more than twenty-five members, who on a nonpartisan basis shall be appointed by and serve without compensation at the pleasure of the Governor. The Governor shall designate one of the members of the Board as Chairman. The Board shall meet at the call of the Chairman.

(2) The Board, the Governor, and the Commissioner shall determine such policies governing the program of the Department as, in their discretion, will attract favorable attention to the agricultural potentialities and facilities of the Commonwealth.

Section 5. (1) *Industrial Development Board.* There is hereby created in the Department an Industrial Development Board, composed of not more than twenty-five members, who shall be appointed by and serve without compensation at the pleasure of the Governor. The Governor shall designate one of the members of the Board as Chairman. The Board shall meet at the call of the Chairman.

(2) It shall be the duty of the Board, through the Commissioner, to prepare and execute such programs of research and advertising as in its discretion will attract favorable attention to the industrial and commercial potentialities and facilities of the Commonwealth. The Board, through the Commissioner, shall assist and coordinate the activities of the state government and of the various municipalities, political subdivisions, civic groups, and other agencies interested and active in the promotion and development of industry, mining, and other industrial potentialities of the Commonwealth. The Board shall aid

and encourage other private and public organizations and groups in such promotion and development.

Section 6. (1) There is hereby created in the Department an Economic Development Commission comprised of the Commissioner and eight members who shall be appointed by and serve at the pleasure of the Governor. Four members shall be appointed from the membership of the Agricultural Development Board and a like number from the membership of the Industrial Development Board.

(2) The Commissioner shall serve, ex officio, as Chairman of the Commission, which shall meet at his call as a joint body representing both Boards.

(3) It shall be the function of the Commission to act as the executive committee of the Department in resolving all matters of policy as determined by the two Boards and, by formal action, to translate these policies into an effective program of activities designed to promote and expand the agricultural and industrial development of the Commonwealth.

Section 7. (1) The Department shall prepare and publish as often as is deemed necessary an inventory of the human and natural resources of the Commonwealth; and shall assemble and keep in the offices of the Department such information relating to natural resources, labor supply, water, fuel, power, taxation and assessments, transportation and communication facilities and such other information as may be useful in executing the provisions of this Act. Such information shall, subject to the rules and regulations of the Commission, be made available to any enterprise which, in the discretion of the Commissioner, is legitimate and which contemplates location or operation within the Commonwealth. Such information shall, in the discretion of the Commissioner, be made available to any governmental or private agency interested in securing the location or operation of any such legitimate enterprise within the Commonwealth.

(2) The Department shall obtain from enterprises interested in locating and operating within the Commonwealth information relating to the nature of the enterprise, its financial responsibility, manpower requirements, probable consumption of raw materials and such other information as may be useful in securing the location of such enterprise in the Commonwealth, and shall make such information, subject to the rules and regulations of the Boards and the Commission, available to any agency interested in securing the location or operation of such enterprises within the Commonwealth.

Section 8. The Department shall prepare and publish, or cause to be prepared and published, maps, planning studies, surveys pertaining to soil conditions, land use and classification, distribution of population, educational facilities, parks and playgrounds, highways, rail and water transportation, traffic, water supply, drainage, flood control, sewerage, building and housing conditions, urban development and

re-development, subdivision control, planning and zoning and other matters relating to the physical and economic development of the Commonwealth.

Section 9. The Department is authorized to:

(1) Consult with agencies of the state, federal and local government in order to coordinate development plans and to articulate agriculture and industry in the light of the needs of particular localities;

(2) Make studies of land utilization so as to determine areas suitable for field crops, for pasture, for reforestation, for watershed protection, for reclamation, for game and fish preserves, for recreation, for parks, and for industrial and urban development;

(3) Make studies and publish information relating to the physical and economic development of the Commonwealth and make appropriate recommendations to the Governor and the General Assembly.

ARTICLE X. DEPARTMENT OF PUBLIC SAFETY

Section 1. (1) There shall be in the state government a Department of Public Safety, a statutory administrative department within the meaning of KRS, Chapter 12, the executive head of which shall be a Commissioner of Public Safety.

(2) The Commissioner of Public Safety shall be appointed by the Governor as provided in KRS 12.040 for the heads of statutory administrative departments.

(3) The Department of Public Safety shall be divided for administrative purposes into a Division of Accident Control, a Division of Kentucky State Police, a Division of Fire Prevention, and a Division of Operator Responsibility, but this provision shall not affect the authorization of the Commissioner of Public Safety to establish new divisions and make changes with respect to existing divisions in accordance with the terms of KRS 12.030.

(4) The heads of the divisions of the Department of Public Safety shall be appointed by the Commissioner of Public Safety in accordance with the provisions of KRS 12.050.

Section 2. The following functions are hereby transferred to and shall be exercised by the Department of Public Safety:

(a) All the functions of the Department of Kentucky State Police and the Commissioner of Kentucky State Police;

(b) All the functions of the Department of Insurance, the Commissioner of Insurance, and the State Fire Marshal so far as said functions relate to fire loss provided in KRS, Chapters 227, 228, and 234;

(c) All the functions of the Department of Revenue provided in KRS 186.400 to 186.640 relating to licensing of operators of motor vehicles, except receipt of all moneys due the state from the circuit clerks for operators' licenses and except accounting for moneys so received and depositing of those moneys with the State Treasurer.

The excepted functions shall continue to be performed by the Department of Revenue;

(d) All the functions of the Department of Revenue relating to the administration and enforcement of the financial responsibility law provided in KRS, Chapter 187.

Section 3. The records, property, personnel, any unexpended appropriation balances and trust and agency funds maintained for carrying out the functions of the Department of Kentucky State Police, the functions of the Department of Revenue provided in KRS 186.400 to 186.640 that relate to licensing of operators of motor vehicles except those functions concerned with the subject matter of KRS 186.400 (3), all the functions assigned to the Department of Revenue in KRS, Chapter 187 relating to the administration and enforcement of the financial responsibility law, all the functions of the Department of Revenue provided in KRS 189.120, and all the functions assigned to the Department of Insurance and State Fire Marshal so far as those functions relate to fire loss as provided in KRS, Chapters 227, 228, and 234 are hereby transferred to the Department of Public Safety.

Section 4. The Division of Kentucky State Police shall be headed by a Director of Kentucky State Police and shall exercise all of the functions heretofore performed by the Department of Kentucky State Police. The Director of the Division of Kentucky State Police shall exercise the functions heretofore performed by the Commissioner of Kentucky State Police to the extent that these functions are delegated to him by the Commissioner of Public Safety. The Department of Kentucky State Police and the office of Commissioner of Kentucky State Police are hereby abolished. Any reference in KRS, Chapter 183, to the Department of Kentucky State Police, or the "Department," or any reference elsewhere to the Department of Kentucky State Police, henceforth shall be construed to be a reference to the Division of Kentucky State Police. Any reference in KRS, Chapter 183, to the Commissioner of Kentucky State Police or the "Commissioner," henceforth shall be construed to be a reference to the Commissioner of Public Safety, except to the extent that the Commissioner shall delegate responsibilities to the Division of Kentucky State Police.

Section 5. Section 16.020 and Subsections (2) and (3) of Section 16.030 of the Kentucky Revised Statutes are hereby repealed.

Section 6. Subsection (3) of Section 16.070 of the Kentucky Revised Statutes is amended to read as follows:

(3) By agreement with the Commissioner of Highways of the Commonwealth, the Commissioner of Public Safety may provide for the leasing of motor vehicles and accessories thereto, radio facilities and equipment, office equipment and other property or facilities,

upon such terms and conditions and for such compensation as said agreement may provide. The Commissioner of Highways and the Commissioner of Public Safety may further provide, by agreement, for the service and repair at any state garage of motor vehicles or accessories thereto which are owned, operated or rented by the department, upon such terms and conditions and for such compensation as said agreement may provide. Subject to Chapter 42 of the Kentucky Revised Statutes, the department is authorized, by lease or purchase, to acquire, maintain and operate motor vehicles, and the officers of said department, including the commissioner, are authorized and empowered to operate such motor vehicles in the course of their duties, and in carrying out the purposes, responsibilities and functions provided for in KRS 16.010 to 16.180.

Section 7. The Division of Fire Prevention shall be headed by a State Fire Marshal and shall exercise all of the functions provided in KRS, Chapters 227, 228, and 234 relating to fire loss heretofore performed by the Department of Insurance and the State Fire Marshal.

Section 8. Subsections (1) and (2) of Section 227.200 of the Kentucky Revised Statutes are amended to read as follows:

(1) "Commissioner" means the Commissioner of Public Safety.

(2) "Department" means the Department of Public Safety.

Section 9. The Division of Operator Responsibility shall be headed by a Director of Operator Responsibility and shall exercise the functions heretofore exercised by the Department of Revenue provided in KRS 186.400 to 186.640 relating to licensing of operators of motor vehicles to the extent that those functions are delegated to it by the Commissioner of Public Safety, except those concerned with the subject matter of KRS 186.400 (3) as hereinafter provided. The Division of Operator Responsibility shall exercise all the functions heretofore exercised by the Department of Revenue provided in KRS, Chapter 187, relating to the administration and enforcement of the financial responsibility law. Any reference in KRS, Chapter 187, to the Department of Revenue or the "Department," henceforth shall be construed to be a reference to the Division of Operator Responsibility, except where otherwise specified herein.

Section 10. Subsection (1) of Section 186.010 of the Kentucky Revised Statutes is hereby amended to read as follows:

(1) "Department," as used in KRS 186.015 to 186.270, means the Department of Revenue. As used in KRS 186.400 to 186.640, it means the Department of Public Safety.

Section 11. Section 186.400 of the Kentucky Revised Statutes is amended to read as follows:

(1) The administration of the provisions of KRS 186.400 to 186.640 not specifically vested in the Department of Revenue or the

circuit clerks shall be vested in the Department of Public Safety. The Department of Public Safety may prescribe regulations for the enforcement of KRS 186.400 to 186.640, except that rules concerned with the functions and duties of the Department of Revenue provided in subsection (3) of this section shall be prescribed by the Department of Revenue. The Department of Public Safety also shall enforce regulations governing the acts of the circuit clerks and motor vehicle operators under KRS 186.400 to 186.640 and require reports which it deems necessary.

(2) The department shall provide or cause to be provided to appropriate persons or officials an adequate supply of forms for the administration of KRS 186.400 to 186.640. The style of those forms and the method of their use shall be prescribed by the department and shall be adequate to protect the safety interests of the state. The Department of Revenue shall prescribe the method of financial control.

(3) (a) The Department of Revenue shall collect all moneys due the state from the circuit clerks for operators' licenses issued, and shall deposit those moneys with the State Treasurer.

(b) At least once each year the Commissioner of Revenue and the Commissioner of Public Safety shall cause a reconciliation to be made between the record of receipts by the Department of Revenue and the receipt of applications by the Department of Public Safety.

Section 12. Section 186.490, subsection (6) of the Kentucky Revised Statutes is amended to read as follows:

The circuit clerk of each county shall:

(6) Report and remit each Monday to the Department of Revenue all moneys collected during the preceding week and remit a copy of all applications taken by him during the same period to the Department of Public Safety. Upon failure of any clerk to report and remit these for more than seven days after the due date, he shall pay, in addition to the amount due, a penalty of ten per cent of the amount due. Penalties collected under this section shall be paid into the State Treasury as a part of the revenue collected under KRS 186.410.

Section 13. Sections 186.575 and 281.725 of the Kentucky Revised Statutes are hereby repealed.

Section 14. (1) No owner or operator of a motor vehicle used for hire shall permit such motor vehicle to be operated upon the highways unless the driver or chauffeur thereof has obtained, and from time to time has renewed, in accordance with the requirements of the Department of Public Safety, a certificate of the Department of Public Safety to the effect that the driver or chauffeur has met its requirements with respect to his health, vision, sobriety, intelligence, care, ability and experience.

(2) No owner or operator of a motor vehicle used for hire shall permit such motor vehicle to be operated upon the highways unless the driver or chauffeur thereof is at least eighteen years of age where the vehicle is transporting property, or at least twenty-one years of age where the vehicle is transporting passengers.

(3) The circuit clerk of each county shall:

(a) Act for the Department of Public Safety for the purpose of issuing certificates and badges referred to in subsections (1) and (4) of this section;

(b) Issue a certificate, when he has determined that the applicant has fully complied with the law governing applications;

(c) Report to the Department of Public Safety not later than the week following that in which the certificates were issued;

(d) Keep adequate records of all moneys collected and remitted to the Department of Revenue;

(e) Keep in his office at all times available to the Department of Public Safety a record of all certificates issued in his county.

(4) The certificate shall cost two dollars, of which twenty-five cents shall be retained by the circuit court clerk to defray expenses of issuing the certificate and maintenance of records, and the remaining one dollar and seventy-five cents shall be paid into the State Treasury and credited to the State Road Fund. The holder of such a certificate, at all times when operating a motor vehicle for hire, shall have the certificate in his possession, and shall wear a badge, to be issued by the circuit clerk, indicating that he is a certified driver or chauffeur.

(5) The department may, for good cause, upon complaint or upon its own motion, revoke or suspend any such certificate, and said person shall be entitled to a hearing before the Department of Public Safety.

Section 15. The Department shall provide assistance to and cooperate with other agencies performing safety functions. The Governor by Executive Order may transfer safety functions presently in other departments or agencies to the Department of Public Safety.

Section 16. The Department of Public Safety may make rules and regulations and direct proceedings and actions for administration of all laws and functions, the administration of which is vested in the department.

ARTICLE XI. AUDITOR OF PUBLIC ACCOUNTS

Section 43.030 of the Kentucky Revised Statutes is amended to read as follows:

(1) The Auditor shall appoint for the duration of his own term, subject to removal by him at any time, one Assistant Auditor of Public Accounts, who shall be a certified public accountant and shall have been a citizen and resident of the state for at least two years. The Assistant Auditor shall have direct supervision over all technical

work and technical assistants, and shall otherwise aid the Auditor in the performance of his duties. If the Auditor is absent or is rendered incapable of performing his duties, or if a vacancy in the office occurs, the Assistant Auditor shall perform the duties of Auditor until the necessity therefor ceases to exist. He shall take the constitutional oath.

(2) The Auditor may employ other subordinate personnel subject to the provisions of KRS 12.060. All such employees who are assigned any direct auditing or investigating responsibility (except for the secretary to the Auditor and for clerks classified under the classification and compensation plan now prescribed by the Department of Personnel at not above Grade 5 working under continuous on-the-job supervision) *shall* be graduates of four-year colleges or universities fully accredited by the University of Kentucky. Each employee shall have had at least 20 semester- or 30 quarter-hours of accounting or, alternatively, shall be a certified public accountant. It is hereby provided, however, that prior to January 1, 1960, not more than four, and thereafter not more than two, persons charged with the conduct of audits and investigations may substitute year-for-year responsible accounting experience acceptable to the Department of Personnel for the required college education and proportionately for the specified accounting. The Auditor, after December 31, 1957, shall not be authorized to use the services of independent contractors in audit and investigation work.

(3) The Auditor and his sureties shall be liable on his official bond for the acts of the Assistant Auditor and clerks.

(4) Nothing in this section shall be deemed to affect the provisions of KRS 11.090 or other legislation authorizing audits.

ARTICLE XII. LEGISLATIVE RESEARCH COMMISSION

Section 1. Section 7.090 of the Kentucky Revised Statutes is amended to read as follows:

(1) There is hereby created a Legislative Research Commission composed of the Lieutenant Governor, the President Pro Tem of the Senate, the Speaker of the House of Representatives, and the majority and minority Floor Leaders of the Senate and House of Representatives. Any vacancy in the commission shall be filled by the remaining members thereof, provided, if the vacancy is in the membership of the House of Representatives then the successor shall be from the House, and if the vacancy is from the Senate membership of the commission then the successor shall be from the Senate. A member thus elected to fill any vacancy shall hold office for the unexpired term of his predecessor. The Lieutenant Governor shall be ex-officio chairman of the commission.

(2) The Legislative Research Commission shall meet during regular and special sessions of the General Assembly, and during the intervals between sessions at such times and places as the chairman

may determine. Meetings of the commission shall be called by the chairman on his own initiative, or at the written request of any three members of the commission. For attending meetings between sessions whether regular or special, of the General Assembly, the members of the commission, or any subcommittee thereof, shall be paid their necessary traveling expenses and in addition thereto twenty-five dollars per day.

(3) The commission shall appoint a director, who may be a member of the commission, who shall have had graduate training in government in a recognized university or college or practical experience in governmental administration, and who shall hold office at the pleasure of the commission. If a member of the commission is appointed as director, he shall not receive compensation for his position as a commission member. The salary of the director shall be determined by the commission. The commission, through its agent, the director, shall have exclusive jurisdiction over the employment of such personnel as may be necessary to effectuate the provisions of KRS 7.090 to 7.110 but the compensation and classification of such personnel shall be set as provided in Article IV of this Act.

(4) The director shall, at the discretion of the commission and under its supervision and control, provide for the allocation of the work and activities of all employees of the commission.

(5) The commission may, in effectuating the provisions of KRS 7.090 to 7.110, contract with any public or private agency or educational institution or any individual for research studies, the gathering of information or the printing and publication of its reports.

Section 2. It shall be the duty of the Legislative Research Commission to carry on a program of study, review and re-examination of the Constitution, continuing the program and functions formerly performed by the Constitution Review Commission. The program shall be so designed and carried on as to determine to what extent the Constitution requires amendment or revision; to analyze and appraise suggestions for amendment or revision advanced by interested persons or groups; and to secure considered public opinion respecting proposals for amendment or revision. The commission shall prepare and propose in detail, and publicize in such manner as it deems proper, such amendments or revisions of the Constitution as in its opinion will promote the interest and welfare of the Commonwealth. The commission shall report to the General Assembly at each of its regular sessions, and if so requested at extraordinary sessions, showing in detail the results of its labors, and setting forth its recommendations for legislative action. If at any time a Convention shall be held to revise or amend the Constitution, the commission shall advise and assist that body as far as possible, and shall report to it as and when requested.

Section 3. Sections 447.160, 447.170, and 447.180 of the Kentucky Statutes are repealed.

ARTICLE XIII. BOARD OF CLAIMS

Section 1. Section 44.070 of the Kentucky Revised Statutes is amended to read as follows:

(1) A Board of Claims is hereby created and vested with full power and authority to investigate, hear proof, and to compensate persons for damages sustained to either person or property as a proximate result of negligence on the part of the Commonwealth, any of its departments or agencies, or any of its agents or employees while acting within the scope of their employment by the Commonwealth or any of its departments or agencies. The board shall be independent of all agencies and departments of the Commonwealth.

(2) The board shall be composed of five attorneys who are members of the Workmen's Compensation Board and who have been appointed and hold office under the provisions of KRS 342.215 and 342.220.

(3) The board shall have jurisdiction of claims for the recovery of money where the amount in controversy, exclusive of interest and costs, does not exceed $5,000.

Section 2. Subsection (2) of Section 44.100 is amended to read as follows:

(2) Should the business of the board require clerical or other help including referees, such help shall be employed by the board subject to the provisions of KRS, Chapter 12.

ARTICLE XIV. HIGHER EDUCATION

Section 1. Section 164.320 of the Kentucky Revised Statutes is amended to read as follows:

The Board of Regents for each of the state colleges shall consist of the Superintendent of Public Instruction, who shall be chairman of each Board, and seven members appointed by the Governor. Each of the present members of the Board of Regents of each state college shall continue as a member of the Board until the expiration of the term for which he was appointed and qualified.

The terms of each member, except the holdover members, appointed under the provisions of this Act shall begin on April 1, 1957. On or before April 1, 1957, the Governor shall appoint three members to the Board of Regents for each of the four state colleges, except Kentucky State College, and shall appoint four members to the Board of Regents of Kentucky State College.

Two of the members of the Board of Regents of each state college, except Kentucky State College, shall be appointed for a term of two years, and one for a term of four years. On or before April 1, 1957, the Governor shall appoint four members of the Board of Regents of Kentucky State College, one member for a term of one year, one member for a term of two years, one member for a term of three years, and one member for a term of four years.

Thereafter, appointments for a term of four years shall be made by the Governor within thirty days after the expiration of the term of each member. If the Governor should fail to make any such appointment within thirty days after the expiration of the term of any member, the remaining members of the Board of Regents of the particular college, whose term shall not have expired, shall make such appointment within sixty days after the expiration of such term.

Not more than two appointed members of any Board shall be residents of one county; not more than six members of any Board, including the Superintendent of Public Instruction, shall belong to the same political party. Membership on the Board shall not be incompatible with any other state office.

Appointments to fill vacancies shall be made in the same manner and within the same time after the occurrence of the vacancy as regular appointments. The person appointed shall hold the position for the unexpired term only.

Each appointed member of the Board shall, at the first meeting following his appointment, take an oath to faithfully discharge his duties.

Each member of the Board shall serve for the term for which he is appointed and until his successor is appointed and qualified.

Section 2. Subsection (2) of Section 63.080 of the Kentucky Revised Statutes hereby is expressly made applicable to members of the Board of Regents of each of said colleges.

Section 3. Section 164.540 of the Kentucky Revised Statutes is amended to read as follows:

(1) The Council on Public Higher Education in Kentucky as defined in KRS 164.010 is hereby designated as the agency of the Commonwealth of Kentucky charged with the responsibility and vested with all necessary authority, subject to the conditions and restrictions set out in subsection (2) of this section, to carry out the obligations, participate in the planning and negotiations, and administer the rights, benefits and privileges, devolving upon the Commonwealth of Kentucky and its citizens pursuant to the regional compact referred to in KRS 164.530, and to do all such other acts and things as may be necessary or desirable to implement the provisions of said regional compact efficiently and impartially for the benefit of all citizens of the Commonwealth.

(2) In its participation in the regional compact, or in any other regional plan having a similar purpose, the Commonwealth of Kentucky shall not erect, acquire, develop or maintain in any manner any educational institution within its borders to which Negroes will not be admitted on an equal basis with other races, nor shall any Negro citizen of Kentucky be forced to attend any segregated regional institution to obtain instruction in a particular course of study if there

is in operation within the Commonwealth at the time an institution that offers the same course of study to students of other races.

Section 4. The Council on Public Higher Education shall have authority to provide for a program of medical research and education in the Commonwealth. The program may be provided for by contract with any recognized and accredited school of medicine located within the Commonwealth of Kentucky. Such contract shall provide that the school of medicine shall admit to its course of instruction, up to such percentage of its full teaching capacity as may be fixed by contract, residents of the Commonwealth who make application to pursue the course of study of such school of medicine; provided, however, that such persons shall be certified to the Council as to status of residency by the Registrar of the University of Kentucky, and shall be eligible for admission to said school of medicine. The Council on Public Higher Education shall pay to the school of medicine $1,500 per school year for each such student enrolled. Such payments shall be additional to the annual tuition fees paid by each such student. The Council shall have authority to provide by contract that it pay the expense of specific medical research projects. The Council shall make an annual report of its medical research and education program after June 30 of each year, including an accounting of all moneys received and disbursed. The Council shall have no authority to incur any obligation in excess of the sums that have been appropriated to it.

Section 5. Sections 164.550, 164.555, 164.560, 164.565, 311.360 and 311.370 of the Kentucky Revised Statutes are hereby repealed.

ARTICLE XV. BOARD OF TRUSTEES OF THE KENTUCKY EMPLOYEES RETIREMENT SYSTEM

Subsection (4) of Section 28 of House Bill 463 as passed by the 1956 General Assembly is amended to read as follows:

(4) The board shall:

(a) Appoint an executive secretary, who shall be the secretary and the administrative officer of the board;

(b) Appoint such other employees as it deems necessary and fix the compensation for all employees of the board;

(c) Require such employees as it thinks proper to execute bonds for the faithful performance of their duties;

(d) Establish a system of accounting;

(e) Do all things, take all actions and make all rules and regulations, not inconsistent with the provisions of this Act, that it deems necessary or proper in order to carry out the provisions of this Act; provided that the Governor, by Executive Order, for administrative convenience and economy, may transfer the administrative functions of the Board to any departments or agencies of state government.

ARTICLE XVI. COMPENSATION OF STATE OFFICERS AND EMPLOYEES GENERALLY

Section 1. Section 64.640 of the Kentucky Revised Statutes is amended to read as follows:

(1) Except as otherwise provided in subsection (2) of this section, and excepting officers elected by popular vote, commissioners of the Court of Appeals, employees of the General Assembly, including employees of the Legislative Research Commission, members of boards and commissions, and presidents and employees of the University of Kentucky and the state colleges, the Department of Personnel shall prepare a schedule of compensation, payable out of the State Treasury, with a minimum and maximum salary rate, and such intermediate salary rates as are deemed necessary or advisable, for the office or position of employment of every state officer and employee, including specifically the offices and positions of employment in every constitutional administrative department, statutory administrative department, independent agency, or other unit of state government. Such schedules shall be based upon studies of the duties and responsibilities of the offices and positions and upon a comparison with rates being paid for similar or comparable services elsewhere, and in the preparation of such schedules, the Department of Personnel shall ascertain and record the duties, responsibilities and authority pertaining to the various offices and positions in the state service, and classify such positions in the manner provided in KRS 42.120. No such schedule shall become effective until it has been approved by the Governor.

(2) The Governor shall set the compensation payable out of the State Treasury to each office or position in the state service hereinafter named but such compensation shall not exceed the maximum sums listed herein:

(a) Commissioner of Conservation, Commissioner of Economic Development, Commissioner of Economic Security, Commissioner of Finance, Commissioner of Health, Commissioner of Highways, Commissioner of Mental Health, Commissioner of Public Safety, Commissioner of Public Relations, Commissioner of Revenue, $12,000;

(b) Adjutant General, Administrator of Distilled Spirits Unit, Administrator of Malt Beverages Unit, Chief of the Department of Mines and Minerals, Commissioner of Aeronautics, Commissioner of Alcoholic Beverage Control, Commissioner of Banking, Commissioner of Fish and Wildlife Resources, Commissioner of Industrial Relations, Commissioner of Insurance, Commissioner of Motor Transportation, Commissioner of Personnel, Commissioner of Welfare, Director of the Kentucky Crippled Children's Commission, Executive Director of the State Tuberculosis Sanatoria Commission, Manager of the Kentucky State Fair, Reviser of Statutes, $10,000;

(c) Members of the Public Service Commission of Kentucky, and of the Workmen's Compensation Board (the provisions of KRS 64.660

to the contrary notwithstanding), and heads of statutory departments and agencies other than those named in paragraphs (a) and (b) of this subsection, $7,500;

(d) Each Advisory Highway Commissioner shall be paid an annual salary of $7,200.

(3) The compensation payable out of the State Treasury to officers and employees subordinate to any office or position listed in subsection (2) of this section shall not exceed the maximum rate established pursuant to subsection (2) of this section for such office or position, except with respect to physicians as provided in KRS 64.655 and employees of the Public Service Commission of Kentucky whose compensation shall be fixed, within constitutional limits, by the Department of Personnel with the approval of the Governor as provided in subsection (1) of this section.

(4) The compensation payable out of the State Treasury to any subordinate officer or employee in any department, agency, board or commission of the state government not covered by subsection (3) of this section and except elective officers and their employees, shall not exceed $7,500 per annum, provided however that Doctors of Veterinary Science may be paid not to exceed $10,000 per annum.

(5) Nothing in this section shall preclude the allowance of maintenance to officers and employees of the state.

ARTICLE XVII. GENERAL PROVISIONS

Section 1. Nothing in this Act shall be construed to repeal the provisions of Chapter 12 of the Kentucky Revised Statutes, except such sections as may be specifically repealed by this Act.

Section 2. In order that appropriate accounts and budgets may be set up, all transfers of funds, functions, and personnel made pursuant to this Act shall be supervised and approved by the Commissioner of Finance.

Section 3. All of the provisions of this Act, with the exception of Article X, shall become operative beginning July 1, 1956. All of the provisions of Article X shall become operative beginning September 1, 1956.

Representative Morgan moved to adjourn until 1:00 P.M., February 29th. Agreed.

WEDNESDAY, FEBRUARY 29, 1956

THIRD LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend H. Glenn Stephens of the South Frankfort Presbyterian Church, Frankfort.

The roll was called. All present except Bridgers, Caudill, Farmer, Freeman, Hadden, Durham Howard, Kubale, Lowman, McFadden, Melton, Murphy, Nunnelley, Pollitte, Qualls, Thomas, Thompson, Walsh, and Weintraub, who were granted leaves of absence on motion of Representative Morgan.

Reading of Journal for February 28, 1956, dispensed with and the same approved on motion of Representative Isler. Agreed.

Calendar

HB 1 was taken from the Calendar and read at length for the second time. Ordered placed in Orders of the Day.

Representative Morgan moved to adjourn until 11:00 A.M., March 1st. Agreed.

THURSDAY, MARCH 1, 1956

FOURTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend Edward L. Tullis of the First Methodist Church of Frankfort.

The roll was called. All present except Bridgers, Gay, Durham Howard, McFadden, Murphy, and Nunnelley, who were granted leaves of absence on motion of Representative Morgan.

Reading of Journal for February 29, 1956, dispensed with and the same approved on motion of Representative Isler. Agreed.

Representative Morgan moved that the House do now recess for thirty minutes for a Democratic Caucus. Agreed.

At the appointed time, the Speaker resumed the Chair and called the House to order.

Orders of the Day

HB 1 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 70—Anderson, Barnum, Baumgardner, Beshear, Billington, Blankenship, Blue, Breathitt, Burnley, Bush, Casey, Conrad, Cornett, Cottengim, Davidson, Davis, Embry, Everett, Farmer, Fitzpatrick, Flanery, Freeman, Greene, Grigsby, Gullette, Hahn, Harris, Hawkins, Highland, Hill, Hilton, Hinkle, Holsclaw, C. S. Howard, Isler, Johnson, Kubale, Lowman, Mackey, Martin, McCallum, Melton, Miller, Moore, Morgan, Mullins, Newsom, Nunn, Parrish, Pollitte, Qualls, Ratcliffe, Ray, Rayburn, J. B. Reed, V. Reed, H. V. Reid, Reynolds, Searcy, Stith, Thompson, Tinsley, Walsh, Wathen, Weintraub, A. W. Wells, L. B. Wells, Williamson, Wilson, Young. Nays 19—Breckinridge, Buchanan, Caudill, Day, Gay, Griffin, Grundy, Heyburn, Hislope, Jennings, Lambert, McKinney, Ockerman, Peace, R. Reid, Sr., Saylor, Sloan, Tanner, Thomas.

HB 1 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Senate Message

Announcing passage of **SB 1, SR 3, SR 4.** Ordered that said bills and resolutions be referred.

Representative Morgan moved to adjourn until 8:00 P.M., March 5th. Agreed.

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MONDAY, MARCH 5, 1956

SEVENTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend Carter Roberts of the Church of the Nazarene, Frankfort.

The roll was called. All present except Baumgardner, Blue, Breathitt, Caudill, Hadden, Lowman, McCallum, Miller, Nunn, Nunnelley, Rayburn, Reynolds, Sloan, Stith, Tanner, Wathen, Weintraub, Williamson, and Young, who were granted leaves of absence on motion of Representative Morgan.

Reading of Journal for March 1, 1956, dispensed with and the same approved on motion of Representative Isler. Agreed.

Report of Committee

Committee on Rules reported **SB 1, SR 3,** and **SR 4** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

SB 1: AN ACT to amend the Southern Regional Education Compact to increase the number of members of the Board of Control for Southern Regional Education from four from each state to five from each state and to specify that one member from each state shall be appointed by the Governor from among the membership of the Legislature of that state.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. That part of Paragraph 2 of the Southern Regional Education Compact which reads:

"The States do further hereby establish and create a joint agency which shall be known as the Board of Control for Southern Regional Education (hereinafter referred to as the 'Board'), the members of which Board shall consist of the Governor of each State, *ex officio,* and three additional citizens of each State to be appointed by the Governor thereof, at least one of whom shall be selected from the field of education."

Shall be amended to read as follows:

"The States do further hereby establish and create a joint agency which shall be known as the Board of Control for Southern Regional Education (hereinafter referred to as the 'Board'), the members of which Board shall consist of the Governor of each State, *ex officio,* and four additional citizens of each State to be appointed by the Governor thereof, at least one of whom shall be selected from the field of Education, and at least one of whom shall be a member of the Legislature of that State."

Section 2. This amendment will take effect when eight or more

of the States party to the Compact have given legislative approval to the amendment.

SR 3: A JOINT RESOLUTION giving legislative approval to the admission of the States of Delaware and West Virginia into the Southern Regional Education Compact entered into by the Commonwealth of Kentucky and other Southern States; to declare that, upon ratification of the Compact by the Legislature and approval by the Governor of Delaware and/or West Virginia, and approval by the Legislature and by the governor of the other States party to the Compact, the States of Delaware and/or West Virginia become party to said Compact.

WHEREAS, by action of the Legislature and approval of the Governor, the State of Kentucky became party to the Southern Regional Education Compact with the States of Alabama, Arkansas, Florida, Georgia, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas and Virginia on March 25, 1950.

WHEREAS, the States of Delaware and West Virginia have indicated their interest in becoming party to the said Compact,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

Section 1. That the admission of the States of Delaware and West Virginia be approved and that the States of Delaware and/or West Virginia become party to the Compact upon approval of their respective Legislatures and their respective governors and upon approval of their admission by the other States party to the Compact.

Section 2. That upon approval of this Resolution the Governor sign an engrossed copy of this Resolution for submission to the Southern Regional Education Board.

SR 4: A CONCURRENT RESOLUTION urging the election of Wendell Ford of Owensboro, Kentucky, to the office of President of the United States Junior Chamber of Commerce.

WHEREAS, the Honorable Governor A. B. Chandler has by Proclamation designated the week of February 23 to February 29, 1956 as "Jaycee Week" in Kentucky, and

WHEREAS, the General Assembly has been privileged to have as its guests Wendell H. Ford of Owensboro, Kentucky, James R. Rice, Jr. of Louisville, Kentucky, William Sullivan of Henderson, Kentucky, and Arnold Sprague of Sturgis, Kentucky, and

WHEREAS, Wendell H. Ford, James R. Rice, Jr. and William Sullivan were selected by the Kentucky Junior Chamber of Commerce as Kentucky's three outstanding young men of 1955, and Arnold

Sprague was selected as Kentucky's outstanding young farmer of 1955, and

WHEREAS, Wendell H. Ford has served the Kentucky Junior Chamber of Commerce as state treasurer, state vice-president and state president and the United States Junior Chamber of Commerce as national vice-president, and

WHEREAS, the Kentucky Junior Chamber of Commerce has endorsed and enthusiastically recommended Wendell H. Ford for the office of president of the United States Junior Chamber of Commerce and has urged him to seek such office at the national convention to be held in Kansas City, Missouri, from June 25 to June 29, 1956, and

WHEREAS, Wendell H. Ford has the personal qualities of integrity and sound judgment which are necessary in a leader,

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

Section 1. That the candidacy of Wendell H. Ford of Owensboro, Kentucky, for the office of President of the United States Junior Chamber of Commerce be, and it is, hereby endorsed.

Section 2. That the members of the Junior Chambers of Commerce in our sister states be, and they are, hereby urged to give careful consideration to the merits of electing one of Kentucky's finest young men to the leadership of their national organization.

Introduction of Bills

HB 2, by Representative Breckinridge: AN ACT to provide a merit system of employment for county employees in counties containing a city of the second class.

HB 3, by Representative Breckinridge: AN ACT relating to political parties.

HB 4, by Representative Breckinridge: AN ACT relating to traffic regulations and equipment of vehicles.

HB 5, by Representative Breckinridge: AN ACT relating to challengers at general, primary and special elections.

HB 6, by Representative Breckinridge: AN ACT relating to the contest of primary and regular elections.

HB 7, by Representative Breckinridge: AN ACT relating to the conduct of regular elections.

HB 8, by Representative Breckinridge: AN ACT relating to roads.

HB 9, by Representative Breckinridge: AN ACT relating to organization of county children's bureaus.

Recess

Representative Morgan moved that the House do now recess for 20 minutes. Agreed. At the appointed hour, the Speaker resumed the Chair and called the House to order.

Senate Message

Announcing passage of **SB 2, SB 3, SB 4, SB 6.** Ordered that said bills be referred.

Representative Morgan moved that the House do now recess for 15 minutes for a Rules Committee Meeting. Agreed. At the appointed hour, the Speaker resumed the Chair and called the House to order.

Report of Committee

Representative Morgan moved that the rules be suspended for a Committee Report. Agreed.

Committee on Rules reported **SB 2** with amendments, **SB 3, SB 4, SB 6** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

SB 2: AN ACT relating to circuit courts.

WHEREAS, the General Assembly has given due regard to the elements of territory, business and population involved in the division of the State into Judicial Districts, and,

WHEREAS, with such regard, the General Assembly has found the following facts to exist:

(1) The entire population of the State as of the last Federal census is 2,944,806.

(2) That upon the basis of population, additional judicial districts may be established to the forty-five judicial districts now existing, pursuant to Sections 132 and 138 of the Constitution.

(3) That the counties of Grayson, Breckinridge and Meade have a combined population of 42,013 as of the last Federal census.

(4) That the population of Hardin County was 50,312 as of the last Federal census and its population is rapidly increasing.

(5) That currently and heretofore the amount of business in the Hardin Circuit Court is heavy and there is a considerable backlog of cases pending before said court at this time and the business of the Hardin Circuit Court combined with the business of the Grayson, Breckinridge and Meade Circuit Courts makes it difficult to properly take care of the business of all these circuit courts, the combined business of the Hardin, Grayson, Breckinridge and Meade Circuit Courts as the Ninth Judicial District as now existing is too much, and these counties should be re-arranged and re-grouped.

(6) That the counties of Grayson, Meade and Breckinridge join each other.

(7). That Hardin County has a large volume of cases from the Fort Knox Military Reservation.

(8) That it will be convenient and advantageous from the stand-

point of business, territory and population and will comply with the spirit and intent of the Constitution and expedite the business of the courts, and make it more convenient to the citizens of the counties involved, to create a new Judicial District for the counties of Grayson, Breckinridge and Meade, and to change the Ninth Judicial District so that it will be composed of Hardin County.

NOW, THEREFORE,

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. Section 23.040 of the Kentucky Revised Statutes is amended to read as follows:

The State is divided into forty-six circuit court districts, each to be composed of the following counties:

(1) First District. Ballard, Carlisle, Fulton, Graves and Hickman.
(2) Second District. McCracken.
(3) Third District. Christian, Lyon and Trigg.
(4) Fourth District. Caldwell, Crittenden and Hopkins.
(5) Fifth District. Henderson, Union and Webster.
(6) Sixth District. Daviess.
(7) Seventh District. Logan, Simpson and Todd.
(8) Eighth District. Allen and Warren.
(9) Ninth District. Hardin.
(10) Tenth District. Bullitt, Hart, Larue and Nelson.
(11) Eleventh District. Green, Marion, Taylor and Washington.
(12) Twelfth District. Anderson, Henry, Oldham, Shelby, Spencer and Trimble.
(13) Thirteenth District. Boyle, Garrard, Lincoln and Mercer.
(14) Fourteenth District. Bourbon, Franklin, Scott and Woodford.
(15) Fifteenth District. Boone, Carroll, Gallatin, Grant and Owen.
(16) Sixteenth District. Kenton.
(17) Seventeenth District. Campbell.
(18) Eighteenth District. Harrison, Nicholas, Pendleton and Robertson.
(19) Nineteenth District. Bracken, Fleming and Mason.
(20) Twentieth District. Greenup and Lewis.
(21) Twenty-first District. Bath, Menifee, Montgomery and Rowan.
(22) Twenty-second District. Fayette.
(23) Twenty-third District. Estill, Lee and Owsley.
(24) Twenty-fourth District. Lawrence, Johnson and Martin.
(25) Twenty-fifth District. Clark, Jessamine and Madison.
(26) Twenty-sixth District. Harlan.
(27) Twenty-seventh District. Knox and Laurel.

(28) Twenty-eighth District. Pulaski and Rockcastle.
(29) Twenty-ninth District. Adair, Casey, Cumberland and Monroe.
(30) Thirtieth District. Jefferson.
(31) Thirty-first District. Floyd.
(32) Thirty-second District. Boyd.
(33) Thirty-third District. Letcher and Perry.
(34) Thirty-fourth District. Whitley and McCreary.
(35) Thirty-fifth District. Pike.
(36) Thirty-sixth District. Magoffin and Knott.
(37) Thirty-seventh District. Carter, Elliott and Morgan.
(38) Thirty-eighth District. Butler, Edmonson, Ohio and Hancock.
(39) Thirty-ninth District. Breathitt, Wolfe and Powell.
(40) Fortieth District. Clinton, Russell and Wayne.
(41) Forty-first District. Clay, Jackson and Leslie.
(42) Forty-second District. Calloway, Livingston and Marshall.
(43) Forty-third District. Barren and Metcalfe.
(44) Forty-fourth District. Bell.
(45) Forty-fifth District. Muhlenberg and McLean.
(46) Forty-sixth District. Breckinridge, Grayson and Meade.

Section 2. Subsections (9) and (46) of Section 23.050 of the Kentucky Revised Statutes are amended to read as follows:

The regular term of each court shall commence in each county at the following named time, and continue, if the business requires it, the number of days hereinafter prescribed:

* * * * * *

(9) Ninth District. Hardin County, at Elizabethtown, continuous session.

* * * * * *

(46) Forty-sixth District. Breckinridge County at Hardinsburg, on the first Monday in January for thirty juridical days; second Monday in May for twenty juridical days; first Monday in September for thirty juridical days.

Grayson County at Leitchfield, on the second Monday in February for thirty juridical days; on the second Monday in June for twenty juridical days; on the first Monday in October for thirty juridical days.

Meade County at Brandenburg, on the third Monday in March for thirty juridical days; second Monday in July for twenty juridical days; and first Monday in November for thirty juridical days.

Section 3. The present circuit judge and Commonwealth's attorney for the Ninth District as now constituted, shall retain their respective offices for the time for which they were elected, for the Ninth District as it is changed under this Act; provided, however, that if either of them is not on the effective date of this Act a resident of

Hardin County, he shall not be allowed to retain his respective office, unless he shall remove his residence, within a reasonable time, into Hardin County.

Section 4. The office of circuit judge and Commonwealth's attorney for the new judicial district as established under this Act are hereby created. Until the regular election for circuit judges and Commonwealth's attorneys, said offices shall be filled as provided in Section 152 of the Constitution for offices in which there is a vacancy.

Section 5. If any provision or portion of this Act, or the application of such provisions or portions to any judicial district affected hereby should be held invalid, the remainder of this Act, and the application of such remaining provisions shall not be affected thereby.

Section 6. Whereas, there is a considerable backlog of cases pending before the Hardin Circuit Court and the circuit courts of the counties of Grayson, Breckinridge, and Meade, an emergency is declared to exist and this Act shall become effective immediately upon its passage and approval by the Governor.

SB 3: AN ACT relating to the public health and public hospitals in cities of the first class and in the counties containing such a city.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. That the Board of Aldermen of all cities of the First Class may by ordinance, and the Fiscal Court of all counties containing a city of the First Class may by resolution enter into an agreement respecting all the functions usually exercised and performed by city or county health departments of this state and also respecting the ownership of hospitals operated in connection therewith.

Such an agreement may authorize said counties to establish a county wide health department, and said cities to establish a department of hospitals. When such an agreement is recorded in the record book of each governmental unit, then there shall be established the ---------- (name of County) County Department of Health and the City of ----------(name of City) Department of Hospitals. During the existence of this agreement Sections 212.350 to 212.630 inclusive, Kentucky Revised Statutes shall be suspended, except as is hereinafter provided.

Section 2. The City Department of Hospitals, if and when an agreement is made as provided for by Section 1 hereof, shall become an executive department of said City and shall be governed by Section 83.160 Kentucky Revised Statutes. Any joint City County Board of Health functioning under Sections 212.350 to 212.630 inclusive shall convey by deed all hospitals and equipment owned by it wheresoever situated, to said City and same shall be recorded in the County Court Clerk's Office. The personnel of said hospitals shall be retained by

the City Department of Hospitals and shall be subject to the City's Civil Service or Merit System, if any.

Section 3. The Department of Hospitals when established as herein provided for shall be under the supervision and direction of a Director, to be appointed as other City Directors are, and to be designated a Director of Hospitals, and may be paid a yearly salary to be fixed by the Board of Aldermen of said City, at an amount within the constitutional limitation, and shall, except as otherwise provided by law have exclusive control under the acts of the General Assembly and the ordinances of the City, of all matters relating to the supervision of Public Hospitals belonging to said City and may organize said department for administrative purposes as may be necessary for the proper conduct of the business of said department. The City is hereby authorized to furnish the necessary financial support.

The Mayor of said City shall appoint an Advisory Board for each separate hospital consisting of three persons resident of said City. It shall be the duty of each Advisory Board to inspect and keep in contact with said hospital and advise and confer with said Director periodically. The Department of Hospitals shall be subject to Sections 212.371 to 212.376 Kentucky Revised Statutes, inclusive.

Section 4 (a) The County Department of Health for counties containing a City of the First Class, if and when an agreement is made as provided for by Section 1 hereof, shall be under the management and control of a Director to be appointed by the Fiscal Court of said County when said agreement becomes effective. The Director shall be appointed from a list of three names submitted by the Advisory Board hereinafter provided for. He shall hold office at the pleasure of the Fiscal Court and may receive a salary to be fixed by said Court within the constitutional limitation. Said Director shall be a physician, qualified as a public health administrator as provided by standards set up by the State Board of Health of Kentucky and duly qualified and licensed or eligible for license as a medical practitioner in the Commonwealth of Kentucky. Said Director may organize said department for administrative purposes as may be necessary for the proper conduct of the business of said department. The Fiscal Court shall annually make a sufficient levy to maintain said department, taking into consideration any allotment which may be made by any other governmental agency.

(b) Said Director may appoint with the approval of the Fiscal Court, such health officers and assistants, including registered nurses, as are required by any law, also such other employees as are necessary to carry out the provisions of this act. The County Department of Health shall, use the employees of the joint City and County Health Department, existing at the time of the creation of the County Health Department, insofar as it is economical and as may be provided in any agreements executed in pursuance of this act.

The personnel of the department, except the County Director of Health and his private secretary shall be in the clasified service from the date of the establishment of the department; and until such time as the County has an appropriate Civil Service facility, the positions and places of employment shall be subject to the jurisdiction of the Civil Service Board of the First Class city contained in such County and shall be governed by and made subject to the provisions of Kentucky Revised Statutes 90.110 to 90.240, with the exception of Kentucky Revised Statutes 90.210. Insofar as practicable and as may be provided for in any agreements executed in pursuance of this act, all employees holding positions in the classified civil service, who have been appointed on the basis of a competitive examination and whose duties are transferred or may be transferred to the County Department of Health, shall be utilized for duties of a similar character and in the same class by the appointing authority.

This requirement shall not be construed to compel the appointment or retention of more employees than are necessary properly to perform the duties of the department, nor as applying to persons employed less than six months prior to their transfer to the department. The Fiscal Court shall reimburse the City of the First Class for costs incurred by the City Civil Service Board by reason of the requirements of this act, as may be provided for in any agreements executed pursuant to this act.

Section 5. The County Judge with the consent of the Fiscal Court shall appoint an Advisory Board for the County Department of Health. Said Board shall consist of three residents of the County. It shall be the duty of said Board to advise with the County Judge, the Fiscal Court, and the Director of Health, and to make such recommendations to the Department of Health as they may deem necessary.

Section 6. Said Department of Health shall have authority to enforce all state laws and duly authorized regulations pertaining to public health and ordinances passed by any City of the County pertaining to public health and not inconsistent therewith; and the officers and agents of said departments shall have all the powers to carry out said statutes and ordinances, and regulations, and where same are applicable, the Department of Health shall have exclusive control in the administration thereof. The Director of Health with the approval of the Fiscal Court shall have the same authority as is provided for in Sections 212.210 and 212.230, Kentucky Revised Statutes.

Section 7. Said Department shall control in said County all matters affecting public health including (but not exclusive of other powers pertinent thereto) the education of the public regarding health conditions, and the adoption of remedial measures, also the enforcement of all laws and ordinances including those regulating sanitation, milk, meat and livestock, wells, drinking water and foun-

tains, and vault inspections, also vaccination, immunization, quarantine, and the maintenance of laboratories and clinics necessary for the promotion of public health. It may expend funds for research work, including laboratory and biometrical work, and establishing, erecting and maintaining laboratories and other buildings and all apurtenances thereto for research work as to the prevalence, cause, cure, and prevention of disease.

Section 8. The Director with the consent of the Fiscal Court may establish a schedule of fees for inspections and services necessary to carry out the provisions of this act.

SB 4: AN ACT relating to Public Welfare Services and Public Welfare Departments in Cities of the First Class and in Counties containing such a City.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. In each county containing a city of the first class the fiscal court of said county may, by resolution, establish a department of welfare to be governed by the provisions of this act. Such department shall function from a date specified in such resolution. The department shall consist of a Director of Welfare and such assistants and other employees as are necessary for the efficient performance of the welfare services of the county.

Section 2. The Director shall be appointed by the fiscal court. The Director shall be trained and experienced in public welfare administration. Subject to rules and regulations approved by the fiscal court, the Director shall have full charge of the department, with power to employ and dismiss employees subject to the limitations of Section 8 of this act. The Director shall perpare for submission to and approval of the fiscal court an annual budget, authorize expenditures in conformity with the budget and prepare an annual report of the activities and expenditures of the department for submission to the fiscal court. Before entering upon the discharge of his duties the Director shall give a bond approved by the fiscal court, and the fiscal court may, in its discretion, require bonds for other employees within the department.

Section 3. The department shall administer the public welfare functions of the county, which shall include, but not be limited to, public assistance, general assistance, institutional care of children and adults, social services to families and individuals, and child welfare services, except as otherwise provided by law. Services shall not be limited to financial aid.

Section 4. By agreement between the fiscal court of the county and the Mayor and Board of Aldermen of the City, the department may succeed to the property and functions of the board of a city-county

children's home established under Chapter 201 Kentucky Revised Statutes, to any extent as to management, operation, maintenance and ownership as said agreement may authorize and direct. In the event that such agreement so provides, the board of the city-county children's home shall take all proper steps to effect the legal transfer of title to its property as directed by said agreement.

Section 5. (a) The department may administer or assist in administering any state or local public welfare function by agreement between the Fiscal Court and the legislative body or officers, department or agency in which the responsibility for administration of such activity is vested. Such agreements may include the performance of any duties and the exercise of any powers imposed upon or vested in such legislative body or officer, department or agency, with respect to the administration of such function. Such agreement shall be in writing by the other party to the agreement, in the necessary form, and the acceptance shall be in the form of a resolution of the Fiscal Court. When such resolution becomes effective the exercise of the powers and duties to which the agreement relates, including those provided in Kentucky Revised Statutes 98.010, shall be transferred to the department and the other party shall be exempt from all further responsibility for the exercise of the powers and duties so transferred during the life of the agreement.

(b) Such agreement may be revoked at the option of either party by a resolution or ordinance or order of the revoking party filed in the office of the county clerk, and a copy shall be delivered to the other party. Such revocation shall become effective at the end of the fiscal year occurring at least one year following the filing of said resolution or order. In the absence of such revocation so filed, the agreement shall continue indefinitely.

(c) The transfer of property and records of other state or local public welfare activities shall be according to the terms of the agreement.

Section 6. The fiscal court shall appoint a bipartisan county welfare advisory board of not less than five nor more than nine residents of the county. The members shall be appointed in such a manner that the term of at least one member shall expire annually. Any vacancy shall be filled for the unexpired term in the same manner as the original appointment. Members of the county welfare advisory board shall serve without compensation.

The county welfare advisory board shall suggest rules and regulations to the county director of welfare with respect to the organization of the county department of welfare, and shall advise the director and the fiscal court with respect to budget estimates, policies and other problems of welfare activities.

Section 7. All property used in the functions of the department

shall be property of the county except as provided in any contract or agreement executed pursuant to Section 4 and Section 5 of this act.

Section 8. The personnel of the department except the Director of Welfare and his private secretary shall be in the classified service from the date of the establishment of the department; and until such time as the county as an appropriate civil service facility, the positions and places of employment shall be subject to the jurisdiction of the civil service board of the first class city contained in such county and shall be governed by and made subject to the provisions of Kentucky Revised Statutes 90.110 to 90.240, with the exception of Kentucky Revised Statutes 90.210. Insofar as practicable and as may be provided for in any agreements executed in pursuance of this act, all employees holding positions in the classified civil service, who have been appointed on the basis of a competitive examination and whose duties are transferred or may be transferred to the County Department of Welfare, shall be utilized for duties of a similar character and in the same class by the appointing authority. Persons not in the classified service, upon transfer, shall be included in the classified service hereunder and shall be considered as having satisfied all the requirements for obtaining original appointments and having completed their probationary periods of employment in the same or similar class or position held at the time of their transfer. The employees of any local public welfare department or agency administered by the department under Section 4 and Section 5 of this act shall be, insofar as it is economical and as may be provided in any agreements executed in pursuance of this Act, retained as employees of the department and become subject to the laws, rules and regulations of the classified service, as are other employees of the department. This section shall not be construed to compel the appointment of more employees than are necessary to perform properly the duties of the department nor as applying to persons employed less than six months prior to their transfer to the department.

Section 9. The fiscal court shall reimburse the city of the first class for costs incurred by the city civil service board by reason of the requirement of Section 8 of this act, as may be provided for in any agreements executed pursuant to this act.

Section 10. The provisions of Kentucky Revised Statutes Chapter 201, relating to the establishment of a board for city and county children's home, shall be suspended upon the transfer of control of the functions and property of said boards as provided in Section 4 of this act, during the term of such agreement.

Section 11. The provisions of Kentucky Revised Statutes 98.190 to 98.290, relating to the establishment of a city and county board of public welfare in counties containing a city of the first class, are hereby repealed.

SB 6: AN ACT relating to elections.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. Section 116.010 of the Kentucky Revised Statutes is amended to read as follows:

There shall be a State Board of Election Commissioners consisting of the Secretary of State and two commissioners appointed by the Governor, in the month of April each year, for a term of one year and until their successors are appointed and qualified. The appointed commissioners shall be at least 25 years of age and shall be qualified electors of this state. One commissioner shall be appointed from each of the two political parties that hold the largest vote in the last preceding election for state officials or presidential electors. If names are designated to the Governor in writing by the state central committees of the parties, the appointments shall be made from those names. The commissioners shall qualify by taking, before the Secretary of State, an oath faithfully to perform their duties according to law. The Secretary of State shall make a certificate of the qualification, which shall be noted upon the record of the proceedings of the board and preserved among its records. Vacancies shall be filled by appointment by the Governor in the same manner as provided for original appointments, and the person appointed to fill the vacancy shall be of the same political party as his predecessor.

Section 2. Section 116.030 of the Kentucky Revised Statutes is amended to read as follows:

The State Board of Election Commissioners shall meet at the Capital, where a suitable room shall be provided in a state building. The Secretary of State shall mail notice of the time and place of meeting to each member of the board before any meeting is held, and any action of the board at a meeting held without such notice having been given shall be void. A majority of the board shall constitute a quorum for the transaction of any business. The Secretary of State shall preside at the meetings of the board and in case of disagreement between the other members he may vote.

Section 2 A. Section 116.040 of the Kentucky Revised Statutes is amended to read as follows:

There shall be a county board of election commissioners, consisting of the sheriff of the county and two commissioners appointed by the State Board of Election Commissioners, not later than the first Saturday in May, for a term of one year and until their successors are appointed and qualified. Where from any cause the sheriff cannot act, the circuit clerk shall act in his place. The appointed commissioners shall be at least twenty-five years of age and shall be qualified electors of the county from which they are appointed. One commissioner shall

be appointed from each of the two political parties that polled the largest number of votes in the state at the last preceding election for state officers or presidential electors. If lists of five names are designated to the state board in writing by the county executive committees of the parties, the appointments shall be made from those lists. If there are two or more contending executive committees of the same party in the county, the committee that is recognized by the state central committee, by written certificate of the chairman thereof, shall be recognized by the state board in making the appointments. The county commissioners shall qualify by taking, before the county clerk, an oath faithfully to perform their duties according to law. The clerk shall make a certificate of the oath and file it in his office. Vacancies shall be filled by appointment by the state board from the names already designated, and the person appointed to fill the vacancy shall be of the same political party as his predecessor.

Section 3. Section 117.795 of the Kentucky Revised Statutes is amended to read as follows:

(1) In counties containing a first-class city, each member of the county board of registration and purgation shall receive compensation of not less than twelve hundred dollars per year, the exact amount to be fixed by the fiscal court and paid monthly. In all other counties, each member of the county board, and the secretary thereof, shall receive compensation of fifteen dollars per day for each day in session, and, in addition, the secretary may receive compensation for fifteen days while the board is not in session. The compensation of members of county boards of registration and purgation in counties other than those containing a city of the first class shall be paid one-half by the fiscal court and one-half by the state. No board member shall be paid for more than thirty-four days in each year.

(2) In counties that do not have a city of the first class, the board shall meet for not more than thirty-two days each year, for five days after the closing of registration books before each primary election, for five days after the closing of registration books before each general election for twenty days at any other time of the year when the registration books are open, provided that no part of the twenty-day period shall occur later than seventy-nine days before the May primary election or the general election, and, for the performance of the duties set out in KRS 117.850, for two days after the registration books are opened following each primary election. In counties having a city of the first class, the board may meet at any time necessary to perform its duties, and shall remain in session for the purpose of hearing challenges continuously from the date that the registration books are closed before any primary or regular election, but in all counties the purgation must be concluded at least twenty days before any primary or general election. In all counties the board shall hold all of its meetings at the courthouse unless it is necessary that it hold meetings at some other place in the county, but no meeting

shall be held at any other place in the county unless the persons affected by the meeting are given written notice of its time and place.

(3) If any county board fails to meet as herein required and fails to make a diligent effort to effect an adequate purgation, then any citizen of the county may prefer charges against said board before the state board, which charges shall be heard and disposed of within five days after notice has been given to the county board for five days. If after the hearing the state board determines that the county board has failed to make a diligent effort to effect an adequate purgation, the state board shall direct the county board to act, and, in the event the county board fails to act within fifteen days, the state board shall declare all positions on the county board vacant and appoint a new board. If the state board fails to act on said charges as herein provided then said citizen may apply for a summary mandatory order to the circuit court judge of the county.

Section 4. Section 122.170 of the Kentucky Revised Statutes is amended to read as follows:

(1) Any elector who was qualified to and did vote on any constitutional amendment submitted to the voters of the state for their ratification or rejection may contest the election or demand a recount of the ballots by filing a petition, not more than fifteen days after the official canvass and the announcement of the vote for the state by the State Board of Election Commissioners, with the clerk of the Franklin Circuit Court, which court shall have exclusive jurisdiction to hear and determine all matters in such cases. The petition shall set forth the grounds of the contest. The contestant may file with the clerk of the Franklin Circuit Court and the Secretary of State a notice of his intention to contest the election before the announcement of the official count by the State Board of Election Commissioners, and thereupon the Secretary of State shall forthwith notify all the county boards of election commissioners in the counties involved in the contest to hold the ballots cast at the election on the question subject to the order of the Franklin Circuit Court. The notice shall be served by the Secretary of State by mailing a true and certified copy of the notice of contest, and the order to hold the ballots subject to the order of the court, by registered mail to the sheriffs of the counties in question, and the sheriffs shall forthwith acknowledge receipt thereof.

(2) If the Franklin Circuit Court is not in session at the time the petition of contest is filed, the clerk of the court shall immediately notify the judge of the filing of the petition. The judge shall, within five days after the filing of the petition of contest, determine whether there are sufficient grounds stated to justify the contest, and shall thereupon require the contestants to give bonds for costs. All of the hearings relating to the contest shall be held in the courthouse of Franklin County.

(3) The clerk of the Franklin Circuit Court shall cause a notice

of the contest to be published in some paper of general circulation in the state within two days after the contest is filed, setting out in the publication the substance or the grounds of contest alleged by the contestants.

(4) Any elector who participated in the election on the amendment may make himself a party as contestee in the action by filing his petition to be made a party not later than five days after the contest is instituted, and by giving bond of the costs as required of the contestant. If no elector makes himself a party to the contest, the Commonwealth's attorney for the Franklin Circuit Court shall attend the trial of the cause and he may file such motions and pleadings in the cause on behalf of the Commonwealth as will insure a fair and honest determination of the contest.

(5) All laws relating to contested elections for state offices shall apply with equal force to contests of the character contemplated by this section, except as otherwise provided in this section and in KRS 122.180.

Section 5. Whereas, under the provisions of Senate Bill 100, enacted by the 1956 Regular Session of the General Assembly, the date of the primary election was changed to the first Tuesday after the fourth Monday in May of each year, and

WHEREAS, it is to the interest of the people of the Commonwealth of Kentucky that this Act take effect prior to the 1956 Primary Election,

NOW, THEREFORE, an emergency is declared to exist and this Act shall become effective immediately upon its passage and approval by the Governor.

Representative Morgan moved to adjourn until 1:00 P.M., March 6th. Agreed.

TUESDAY, MARCH 6, 1956

EIGHTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend H. Glenn Stephens of the South Presbyterian Church, Frankfort.

The roll was called. All present except Baumgardner, Billington, Breathitt, Bridgers, Casey, Embry, Flanery, Hadden, Isler, Kubale, Lambert, Lowman, Murphy, Nunn, Nunnelley, Qualls, Ratcliffe, Ray, Rayburn, Stith, Thomas, Weintraub and Young, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for March 5th, 1956, dispensed with and the same approved on motion of Representative Burnley.

Calendar

SB 1, SB 2 with amendments, **SB 3, SB 4, SB 6, SR 3, SR 4** were taken from the Calendar and read at length for the second time. Ordered placed in Orders of the Day.

Recess

Representative Morgan moved that the House do now recess for 10 minutes. Agreed. At the appointed hour, the Speaker resumed the Chair and called the House to order.

Senate Message

Announcing passage of **SB 5** and **SB 7.** Ordered that said bills be referred.

The Speaker named Representative Burnley to serve as Speaker Pro Tem on March 7th.

Representative Morgan moved that the House do now recess for 10 minutes for a Rules Committee Meeting. Agreed. At the appointed hour, the Speaker resumed the Chair and called the House to order.

Report of Committee

Representative Morgan moved that the rules be suspended for a Committee Report. Agreed.

Committee on Rules reported **SB 5** and **SB 7** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

SB 5: AN ACT relating to the operations of combined electric and water systems in cities of the second class.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. Immediately upon the effective date of any act of the General Assembly changing the classification of any city of the third class to a city of the second class, if such city while operating as a city of the third class had accepted and was operating under the

provisions of KRS 96.171 to KRS 96.188, inclusive, relating to the operation of a combined electric and water system, such city of the second class shall continue to operate such combined electric and water plant under the provisions of said sections of the Kentucky Revised Statutes as amended and said sections, and each of them, as amended, hereby are adopted by reference and shall apply to such city of the second class and the combined electric and water system of such city of the second class shall be operated under the provisions of KRS 96.172 and 96.188, as amended. Said sections of the Kentucky Revised Statutes shall govern the appointment, qualifications, tenure, powers and duties of the members of the electric and water plant board of the city and the powers and duties of such board. The members of such board shall hold office for the respective terms to which they were appointed and qualified, and upon the expiration of their respective terms and upon the occurrence of a vacancy, the appointments to fill such expired terms or such vacancies shall be made as provided in said statutes. Such appointments shall be made by the mayor and aproved by the legislative body of the city. All contracts and obligations incurred by such board, and between the city and such board, shall remain in full force and effect whether made after or prior to such city becoming a city of the second class.

Section 2. Whereas, the General Assembly, at its regular 1956 session has passed an Act, which has been approved by the Governor, changing the classification of a city from that of a city of the third class to that of a city of the second class, and

Whereas, the aforesaid city, while a city of the third class, accepted and operated under the provisions of KRS 96.171 to KRS 96.188, inclusive, and

Whereas, unnecessary confusion would result if this Act did not become effective prior to the effective date of the Act changing the classification of the aforesaid city.

NOW, THEREFORE,

An emergency is declared to exist and this Act shall become effective immediately upon its passage and approval by the Governor.

SB 7: AN ACT relating to organization for publication of administrative regulations.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. Section 13 of Senate Bill 241, which is the section added by amendment No. 8 to Senate Bill 241, of the 1956 regular session of the General Assembly is amended to read as follows:

(1) The Legislative Research Commission shall compile, publish, and distribute the regulations filed by state agencies in a manner which will accommodate changes in regulations and allow distribution of any

topical or organizational part of the regulations as well as all of them. This compilation shall be known as the Kentucky Administrative Regulations Service and shall constitute the official state publication of administrative regulations.

(2) The Commission shall prescribe reasonable fees for subscription to the Kentucky Administrative Regulations Service. All fees paid to the Commission for this service shall be placed in the State Treasury to the credit of a revolving, trust or agency fund account, for use by the Legislative Research Commission in carrying out the provisions of this section.

Section 2. The Kentucky Administrative Regulations Service shall be prepared under the direct supervision of an attorney appointed by the Director of the Legislative Research Commission and designated the Regulations Compiler. The Director shall cause to be prepared a certificate to the effect that the text of the regulations as printed in this service is correct. One copy of the Kentucky Administrative Regulations Service with the original certificate therein shall be maintained in the office of the Secretary of State. All other copies shall contain a printed copy of the certificate and shall constitute prima facie evidence of the law in all courts and proceedings.

Section 3. Section 13.100 of the Kentucky Revised Statutes is amended to read as follows:

The Legislative Research Commission's authenticated file stamp on a rule or regulation, or publication of a rule or regulation in the Kentucky Administrative Regulations Service shall raise a rebuttable presumption that the rule or regulation was adopted and filed in compliance with all requirements necessary to make it effective.

Representative Morgan moved to adjourn until 10:00 A.M., March 7th. Agreed.

WEDNESDAY, MARCH 7, 1956

NINTH LEGISLATIVE DAY

The House was called to order by Speaker Pro Tem Burnley.

Prayer by the Reverend H. Glenn Stephens of the South Presbyterian Church, Frankfort.

The roll was called. All present except Baumgardner, Bridgers, Farmer, Lambert, Murphy, Nunnelley, John B. Reed, Vernon Reed, Thompson, and Weintraub, who were granted leaves of absence on motion of Representative Morgan.

Senate Message

Announcing passage of **SR 5**. Ordered that said resolution be referred.

Reading of the Journal for March 6, 1956, dispensed with and the same approved on motion of Representative Isler.

Calendar

SB 5 and **SB 7** were taken from the Calendar and read at length for the second time. Ordered placed in Orders of the Day.

Orders of the Day

Representative Morgan moved that **SR 4** be taken from the Orders of the Day and placed on passage. Agreed. **SR 4** adopted.

SR 3 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 74—Anderson, Barnum, Bates, Beshear, Billington, Blankenship, Blue, Breathitt, Breckinridge, Buchanan, Burnley, Bush, Carter, Caudill, Conrad, Cornett, Davis, Day, Dunsil, Flanery, Freeman, Gay, Grigsby, Grundy, Gullette, Hadden, Hahn, Harris, Hawkins, Heskamp, Heyburn, Highland, Hilton, Hinkle, Hislope, Holsclaw, C. S. Howard, D. W. Howard, Isler, Jennings, Johnson, Mackey, Martin, McCallum, McFadden, McKinney, Miller, Moore, Morgan, Mullins, Newsom, Nunn, Ockerman, Parrish, Peace, Pollitte, Qualls, Ratcliffe, Ray, H. V. Reid, R. Reid, Sr., Reynolds, Saylor, Searcy, Sloan, Stith, Thomas, Walsh, Wathen, A. W. Wells, L. B. Wells, Williamson, Wirsch Young. Nays—0.

SR 3 was passed and the title agreed to.

Representative Morgan moved that the vote by which said resolution was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Morgan moved that **SR 5** be taken from the Orders of the Day and placed on passage. Agreed. **SR 5** adopted.

SB 1 taken from Orders of the Day on recommendation of the Rules Committee. Representative Harris moved that it be placed on

passage. Agreed. Read at length the third time. Representative Harris moved the Previous Question. Agreed.

On roll call, the vote was yeas 73—Anderson, Barnum, Bates, Beshear, Billington, Blankenship, Blue, Breathitt, Breckinridge, Buchanan, Burnley, Carter, Caudill, Conrad, Cornett, Davis, Day, Dunsil, Embry, Flanery, Gay, Griffin, Grigsby, Grundy, Gullette, Hadden, Hahn, Harris, Hawkins, Heyburn, Highland, Hilton, Hinkle, Hislope, Holsclaw, C. S. Howard, D. W. Howard, Isler, Jennings, Johnson, Kubale, Mackey, Martin, McCallum, McFadden, McKinney, Melton, Miller, Moore, Morgan, Mullins, Nunn, Ockerman, Parrish, Peace, Pollitte, Ratcliffe, Ray, H. V. Reid, R. Reid, Sr., Reynolds, Saylor, Searcy, Sloan, Stith, Tanner, Thomas, Walsh, Wathen, A. W. Wells, L. B. Wells, Williamson, Wirsch. Nays—0.

SB 1 was passed and the title agreed to.

Representative Harris moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

SB 2 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length for the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 77—Anderson, Barnum, Bates, Beshear, Billington, Blankenship, Blue, Breathitt, Breckinridge, Buchanan, Burnley, Bush, Carter, Caudill, Conrad, Cornett, Davis, Day, Dunsil, Embry, Everett, Flanery, Freeman, Gay, Griffin, Grigsby, Grundy, Gullette, Hadden, Hahn, Harris, Hawkins, Heskamp, Heyburn, Highland, Hilton, Hinkle, Hislope, Holsclaw, C. S. Howard, Isler, Jennings, Johnson, Kubale, Mackey, Martin, McCallum, McFadden, McKinney, Melton, Miller, Moore, Morgan, Mullins, Nunn, Ockerman, Parrish, Peace, Pollitte, Qualls, Ratcliffe, Ray, Rayburn, H. V. Reid, R. Reid, Sr., Reynolds, Saylor, Searcy, Sloan, Stith, Thomas, Walsh, Wathen, A. W. Wells, Williamson, Wirsch, Young. Nays 2—D. W. Howard, L. B. Wells.

SB 2 was passed and the title agreed to.

Representative Morgan moved that the vote by which **SB 2** was passed be reconsidered. Agreed.

Representative Morgan moved to amend **SB 2** as follows:

"Amend printed copy of **SB 2** on page 5, section 2, line 1, by inserting after the figure "(9)" and before the word "and", the following: "(35)". Adopted.

Representative Morgan moved to amend **SB 2** as follows:

"Amend printed copy of **SB 2** on page 5, section 2, insert after line 9 and before line 10, the following: '(35) Thirty-fifth district. Pike County, at Pikeville, continuous session.'" Adopted.

SB 2 read at length as amended. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 72–Anderson, Barnum, Bates, Beshear, Billington, Blankenship, Blue, Breathitt, Breckinridge, Buchanan, Burnley, Bush, Carter, Caudill, Conrad, Cornett, Davis, Day, Dunsil, Embry, Everett, Flanery, Greene, Griffin, Grigsby, Grundy, Gullette, Hadden, Hahn, Harris, Hawkins, Heskamp, Heyburn, Highland, Hilton, Hinkle, Hislope, Holsclaw, C. S. Howard, Isler, Jennings, Johnson, Mackey, Martin, McCallum, McFadden, McKinney, Melton, Miller, Morgan, Mullins, Newsom, Nunn, Ockerman, Parrish, Peace, Pollitte, Ratcliffe, Ray, H. V. Reid, R. Reid, Sr., Saylor, Searcy, Sloan, Stith, Tanner, Thomas, Walsh, Wathen, A. W. Wells, Wirsch, Young. Nays 2–D. W. Howard, L. B. Wells.

SB 2 as amended was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill as amended was passed be reconsidered and said motion be laid on the table. Agreed.

SB 6 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed.

Representative Ockerman moved to amend **SB 6** as follows:

"Amend printed copy of **SB 6** on page 2, section 2A, line 6, by striking the word 'later' and inserting in lieu thereof the word 'earlier'."

Representative Day requested a roll call on the amendment.

On roll call, the vote was yeas 27–Blue, Breathitt, Breckinridge, Caudill, Day, Griffin, Hadden, Heskamp, Heyburn, Highland, Hinkle, D. W. Howard, Mackey, McCallum, McKinney, Moore, Nunn, Ockerman, Parrish, Peace, Ray, R. Reid, Sr., Saylor, Thomas, A. W. Wells, Williamson, Young. Nays 42–Bates, Beshear, Billington, Blankenship, Burnley, Bush, Carter, Casey, Conrad, Cottengim, Davidson, Davis, Dunsil, Embry, Everett, Flanery, Freeman, Greene, Grigsby, Grundy, Gullette, Harris, Hill, Hilton, C. S. Howard, Isler, Johnson, Kubale, Melton, Morgan, Mullins, Newsom, Pollitte, Qualls, Ratcliffe, H. V. Reid, Searcy, Sloan, Stith, Wathen, L. B. Wells, Wirsch.

Amendment to **SB 6** was rejected. Read at length for the third time. Representative Day moved the Previous Question. Agreed.

On roll call, the vote was yeas 46–Bates, Beshear, Billington, Blankenship, Buchanan, Burnley, Bush, Carter, Casey, Conrad, Cottengim, Davidson, Davis, Dunsil, Embry, Flanery, Freeman, Gay, Greene, Grigsby, Grundy, Gullette, Hahn, Harris, Heskamp, Hill, Hilton, C. S. Howard, Isler, Jennings, Johnson, Kubale, McFadden, Melton, Morgan, Mullins, Newsom, Qualls, Rayburn, H. V. Reid, Searcy, Sloan, Stith, Tanner, L. B. Wells, Wirsch. Nays–34 Anderson, Barnum, Blue, Breathitt, Breckinridge, Caudill, Cornett, Day, Everett, Griffin, Hadden, Hawkins, Heyburn, Hinkle, Holsclaw, D. W. Howard, Lowman, Mackey, Martin, McCallum, McKinney, Miller, Moore, Nunn, Ockerman, Parrish, Peace, Ray, R. Reid, Sr., Thomas, Walsh, Wathen, A. W. Wells, Young.

SB 6 was defeated.

Representative Everett, seconded by Representative Blue, moved that the vote by which **SB 6** was rejected be reconsidered and laid on the Clerk's Desk.

Representative Day requested a roll call on reconsideration of **SB 6.**

On roll call, the vote was yeas 42—Bates, Beshear, Billington, Blankenship, Buchanan, Burnley, Bush, Carter, Casey, Conrad, Cottengim, Davidson, Davis, Dunsil, Embry, Everett, Flanery, Freeman, Greene, Grigsby, Grundy, Gullette, Harris, Hill, Hilton, C. S. Howard, Isler, Jennings, Johnson, Kubale, McFadden, Melton, Morgan, Newsom, Qualls, H. V. Reid, Searcy, Sloan, Stith, Tanner, L. B. Wells, Wirsch. Nays 33—Anderson, Barnum, Breathitt, Breckinridge, Caudill, Cornett, Day, Griffin, Hadden, Heyburn, Hinkle, Holsclaw, D. W. Howard, Lowman, Mackey, Martin, McCallum, McKinney, Miller, Moore, Mullins, Nunn, Ockerman, Parrish, Peace, Ray, R. Reid, Sr., Saylor, Thomas, Walsh, Wathen, A. W. Wells, Young.

Motion to reconsider **SB 6** was adopted.

Representative Morgan moved to adjourn until 11:00 A.M., March 8th. Agreed.

THURSDAY, MARCH 8, 1956

TENTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend Carter Roberts of the Church of the Nazarene, Frankfort.

The roll was called. All present except Blankenship, Bridgers, Buchanan, Flanery, Gay, Griffin, Heyburn, Durham W. Howard, Isler, McKinney, Murphy, Newsom, Nunnelley, Reynolds, Weintraub, and Lynn Wells, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for March 7, 1956, dispensed with and the same approved on motion of Representative Thompson.

Senate Message

Senate message announcing passage of **HB 1**, by way of committee substitute, **SR 7**, read by Clerk.

Orders of the Day

SB 7 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length for the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 77—Anderson, Barnum, Baumgardner, Beshear, Billington, Blue, Breathitt, Breckinridge, Buchanan, Burnley, Bush, Carter, Casey, Caudill, Conrad, Cornett, Cottengim, Davis, Day, Dunsil, Embry, Everett, Freeman, Greene, Grigsby, Grundy, Gullette, Hadden, Hahn, Heskamp, Hill, Hilton, Hislope, Holsclaw, C. S. Howard, Jennings, Johnson, Kubale, Lambert, Lowman, Martin, McCallum, McFadden, Melton, Miller, Moore, Morgan, Mullins, Nunn, Ockerman, Parrish, Peace, Pollitte, Qualls, Ratcliffe, Ray, Rayburn, J. B. Reed, V. Reed, H. V. Reid, R. Reid, Sr., Saylor, Searcy, Sloan, Stith, Tanner, Thomas, Thompson, Tinsley, Walsh, Wathen, A. W. Wells, L. B. Wells, Williamson, Wilson, Wirsch, Young. Nays 0.

SB 7 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

SB 5 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 71—Anderson, Barnum, Baumgardner, Beshear, Billington, Blue, Breathitt, Breckinridge, Burnley, Bush, Carter, Casey, Caudill, Conrad, Cornett, Davidson, Davis, Day, Dunsil, Embry, Everett, Farmer, Freeman, Greene, Grigsby, Gullette,

Hadden, Hahn, Heskamp, Hill, Hilton, Hinkle, Hislope, Holsclaw, C. S. Howard, Johnson, Kubale, Lowman, Mackey, Martin, McCallum, McFadden, Melton, Moore, Morgan, Mullins, Ockerman, Parrish, Peace, Pollitte, Qualls, Ratcliffe, Ray, Rayburn, J. B. Reed, V. Reed, R. Reid, Sr., Searcy, Sloan, Stith, Thomas, Thompson, Tinsley, Walsh, Wathen, A. W. Wells, L. B. Wells, Williamson, Wilson, Wirsch, Young. Nays 0.

SB 5 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

SB 6 taken from the Clerk's Desk and Representative Morgan moved that it be placed on passage. Agreed. Read at length. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 54—Bates, Beshear, Billington, Buchanan, Burnley, Bush, Carter, Casey, Conrad, Cottengim, Davidson, Davis, Day, Dunsil, Embry, Everett, Fitzpatrick, Flanery, Freeman, Greene, Grigsby, Grundy, Gullette, Harris, Hawkins, Heskamp, Hill, Hilton, C. S. Howard, Jennings, Johnson, Kubale, McFadden, Melton, Morgan, Mullins, Parrish, Pollitte, Qualls, Ratcliffe, Rayburn, J. B. Reed, V. Reed, H. V. Reid, Sloan, Stith, Tanner, Thomas, Thompson, Tinsley, L. B. Wells, Williamson, Wilson, Wirsch. Nays 27—Anderson, Barnum, Baumgardner, Blue, Breathitt, Breckinridge, Caudill, Cornett, Farmer, Hadden, Highland, Hislope, Holsclaw, Lambert, Lowman, Mackey, Martin, Miller, Moore, Nunn, Ockerman, Peace, Ray, R. Reid, Sr., Walsh, Wathen, Young.

SB 6 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

SB 3 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Holsclaw moved the Previous Question. Agreed.

On roll call, the vote was yeas 69—Barnum, Bates, Baumgardner, Beshear, Billington, Blankenship, Blue, Breckinridge, Buchanan, Burnley, Bush, Carter, Caudill, Conrad, Cornett, Davidson, Davis, Day, Embry, Farmer, Grundy, Gullette, Hadden, Hahn, Harris, Heskamp, Highland, Hilton, Hinkle, Hislope, Holsclaw, C. S. Howard, Jennings, Johnson, Lowman, Mackey, Martin, McCallum, McFadden, Miller, Moore, Morgan, Mullins, Nunn, Ockerman, Peace, Pollitte, Qualls, Ratcliffe, Ray, Rayburn, J. B. Reed, V. Reed, R. Reid, Sr., Saylor, Searcy, Sloan, Stith, Thomas, Thompson, Tinsley, Walsh, Wathen, A. W. Wells, L. B. Wells, Williamson, Wilson, Wirsch, Young. Nays 1—Melton.

SB 3 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

SB 4 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 59—Anderson, Barnum, Bates, Baumgardner, Beshear, Breathitt, Breckinridge, Burnley, Bush, Casey, Caudill, Conrad, Cornett, Day, Dunsil, Flanery, Greene, Grundy, Hadden, Hahn, Harris, Hawkins, Heskamp, Highland, Hilton, Hinkle, Hislope, Holsclaw, C. S. Howard, Johnson, Lambert, Mackey, Martin, McFadden, Melton, Miller, Moore, Mullins, Ockerman, Parrish, Peace, Pollitte, Qualls, Ratcliffe, Ray, Rayburn, V. Reed, H. V. Reid, R. Reid, Sr., Searcy, Stith, Tanner, Thomas, Thompson, Walsh, Wathen, A. W. Wells, L. B. Wells, Wirsch. Nays 2—Cottengim, Everett.

SB 4 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Morgan moved that **HB 1,** by way of committee substitute, be placed on passage. Agreed.

On roll call, the vote was yeas 76—Anderson, Barnum, Bates, Baumgardner, Beshear, Billington, Blankenship, Blue, Breathitt, Burnley, Bush, Carter, Casey, Caudill, Conrad, Cornett, Cottengim, Davidson, Day, Dunsil, Embry, Everett, Farmer, Flanery, Greene, Grigsby, Grundy, Gullette, Hadden, Hahn, Harris, Hawkins, Heskamp, Highland, Hill, Hilton, Hinkle, Holsclaw, C. S. Howard, Isler, Johnson, Lowman, Mackey, Martin, McCallum, McFadden, Melton, Miller, Moore, Morgan, Mullins, Ockerman, Parrish, Peace, Pollitte, Qualls, Ratcliffe, Ray, Rayburn, J. B. Reed, V. Reed, H. V. Reid, Saylor, Searcy, Sloan, Stith, Thomas, Thompson, Tinsley, Walsh, Wathen, A. W. Wells, L. B. Wells, Williamson, Wilson, Wirsch. Nays 0.

HB 1, by way of committee substitute, was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Morgan moved that the House concur in **SR 7.**

SR 7: A CONCURRENT RESOLUTION providing for sine die adjournment of the first extraordinary session of the General Assembly (1956).

Be it resolved by the Senate of the Commonwealth of Kentucky, the House of Representatives concurring therein:

That when the Senate and House of Representatives adjourn on March 8, 1956, they do adjourn sine die.

SR 7 was adopted.

Report on Enrolled Bills

Committee on Enrollment reported that **HB 1** had been examined and found correctly enrolled. Said bill read at length, compared, and signed in open session by the Speaker. Ordered delivered to the Senate.

HB 1 delivered, signed by President of the Senate. Ordered delivered to the Governor.

Representative Morgan moved that the House do now recess for 30 minutes. Agreed. At the appointed time, the Speaker resumed the Chair and called the House to order.

Committee to Wait on Governor

Representative Morgan moved that the Speaker appoint a Committee to join a like Committee from the Senate to wait upon the Governor to notify him that the business of the House had been concluded and to inquire if he has further business to communicate. Agreed.

The Speaker appointed the following committee: Representatives Blankenship, Melton, Thomas, Pollitte and Williamson.

Representative Melton, on behalf of the Committee, reported that the Governor had been informed of the message from the House and that the Governor consented to the adjournment of this Extraordinary Session. The Governor instructed the Committee to notify the members of his call for the Second Extraordinary Session, and to deliver the official proclamation calling for such Second Extraordinary Session.

Report on Enrolled Bills

Committee on Enrollment reported that **SB 1, SB 2, SB 3, SB 4, SB 5, SB 6, SB 7, SR 3,** and **SR 5** had been examined and found correctly enrolled. Said bills read at length, compared, and signed in open session by the Speaker. Ordered delivered to the Senate.

Representative Morgan moved that the House adjourn sine die. Agreed.

The Journal of the House has been read, compared and approved, The House adjourned sine die.

APPROVED:

(Signed) THOMAS P. FITZPATRICK, Speaker

ATTEST:

(Signed) JAMES C. CUBBAGE, Chief Clerk

JOURNAL

OF THE

House of Representatives

OF THE

COMMONWEALTH OF KENTUCKY

SECOND EXTRAORDINARY SESSION OF 1956

Held in the State Capitol in the Capital City of Kentucky, at
Frankfort, in the Year of Our Lord 1956 and
in the One Hundred and Sixty-Fourth
Year of the Commonwealth

Begun on the Ninth Day of March, 1956, and Adjourned
Sine Die on the Twenty-eighth Day of March, 1956

JOURNAL OF THE SESSION
OF THE
HOUSE OF REPRESENTATIVES
OF THE COMMONWEALTH OF KENTUCKY

SECOND EXTRAORDINARY SESSION OF 1956

FRIDAY, MARCH 9, 1956
FIRST LEGISLATIVE DAY

At an Extraordinary Session of the General Assembly of the Commonwealth of Kentucky, held at the Capitol in the City of Frankfort, and begun on March 9, 1956, and in the one hundred and sixty-fourth year of the Commonwealth, in compliance with a proclamation issued by the Governor of the Commonwealth, the House of Representatives was called to order by the Honorable Thomas P. Fitzpatrick, Speaker of the House of Representatives.

Prayer by the Reverend John C. Chenault of the First Christian Church of Frankfort.

The roll was called. All present except Barnum, Baumgardner, Blue, Breathitt, Bush, Cornett, Davidson, Dunsil, Everett, Farmer, Gay, Grigsby, Grundy, Harris, Durham Howard, Lambert, McFadden, McKinney, Melton, Miller, Murphy, Nunnelley, Ockerman, Peace, Pollitte, Qualls, Ray, Rayburn, John B. Reed, Sloan, Tanner, Tinsley, Wathen, Weintraub, and Williamson, who were granted leaves of absence on motion of Representative Morgan.

The Clerk read the following proclamation:

I, THELMA L. STOVALL, Secretary of State for the Commonwealth of Kentucky, do certify that the foregoing writing has been carefully compared by me with the original record thereof, now in my official custody as Secretary of State and remaining on file in my office, and found to be a true and correct copy of the Proclamation of A. B. Chandler, Governor of the Commonwealth of Kentucky, convening the General Assembly of the Commonwealth of Kentucky in Extraordinary Session at the seat of Government, at Frankfort, Kentucky, at 2:00 P.M. (CST), on Friday, March 9th, 1956.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal.
Done at Frankfort this 9th day of March, 1956
(Signed) THELMA L. STOVALL
(SEAL) Secretary of State, Commonwealth of Kentucky

PROCLAMATION BY THE GOVERNOR OF THE COMMONWEALTH OF KENTUCKY

TO ALL TO WHOM THESE PRESENTS SHALL COME:

WHEREAS, the industrial development of the Commonwealth of Kentucky is directly dependent upon an adequate system of highway transportation; and,

WHEREAS, the present highway transportation system is, by reasons of existing limitations, inadequate to the needs of an expanding economy and is detrimental to the location and expansion of industries in the Commonwealth of Kentucky; and,

WHEREAS, the system of highways in Kentucky is inadequate to meet the demands of present day needs and unsafe for modern travel; and,

WHEREAS, It is necessary to increase the revenues necessary to the building of a modern system of highways; and,

WHEREAS, It is essential that the Department of Highways of the Commonwealth of Kentucky consult and advise with the fiscal courts of the various counties on the subject of construction and improvement of secondary and rural roads lying within certain counties:

NOW, THEREFORE, in order to accomplish the objectives hereinabove set out, and in accordance with the power vested in me by the Constitution of Kentucky to convene the General Assembly in Extraordinary Session, as Governor of the Commonwealth of Kentucky, I, A. B. Chandler, do issue this, my proclamation, convening the General Assembly of Kentucky in Extraordinary Session at the seat of government at Frankfort, Kentucky, at 2 p.m. (CST) on Friday, March 9, 1956, for the sole purpose of considering the following subjects:

(1) An Act to provide transportation by motor vehicles over highways of the Commonwealth of Kentucky and prescribing the permissible weight, height and length thereof.

(2) Acts providing for the imposition of certain taxes, all of which will accrue to the road fund of the Commonwealth of Kentucky.

(3) Acts relating to motor transportation and motor vehicles and the operation thereof within and through the Commonwealth of Kentucky.

(4) An Act contracting a debt of $100,000,000 (one hundred million dollars) to be evidenced by a bond issue, the proceeds from which to be used solely and

only by the Department of Highways of the Commonwealth of Kentucky to match Federal funds allocated to the Commonwealth of Kentucky for the construction and reconstruction of roads and bridges within the Commonwealth of Kentucky and to become effective only after said act has been submitted to the people of the Commonwealth of Kentucky at the next general election to be held on November 6, 1956 and after said act shall have received a majority of all votes cast for and against it.

(5) An Act relating to the selection of secondary and rural roads for construction, reconstruction or maintenance and providing for consultation with the fiscal courts of the various counties with reference thereto.

(6) An Act relating to the control of Johnson grass on state rights-of-way.

You will, therefore, in accordance with this proclamation, assemble in Extraordinary Session at the seat of government at Frankfort, Kentucky, on the day and hour above written, to consider the subjects herein mentioned, and only said subjects.

Done at Frankfort, Kentucky, this the 8th day of March, in the year of our Lord, one thousand nine hundred and fifty-six, and in the year of the Commonwealth the one hundred and sixty-fourth.

(Signed) A. B. CHANDLER, Governor

SEAL

(Signed) Thelma L. Stovall
Secretary of State

Introduction of Resolutions

HR 1, by Representative Morgan: A RESOLUTION adopting rules to govern the Second Extraordinary Session of the 1956 General Assembly.

Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky:

That the rules of the House of Representatives of the 1956 Regular Session of the General Assembly be adopted as the Rules of the House of Representatives of the Extraordinary Session of the General Assembly on March 9, 1956.

Representative Morgan moved adoption of **HR 1.** Adopted.

HR 2, by Representative Morgan: A RESOLUTION notifying the Senate and the Governor that the House of Representatives is organized.

Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky:

That the Speaker of the House of Representatives be authorized and directed to appoint a committee of seven members to notify the Senate that the House of Representatives is organized and ready for business, and that this committee meet with a like committee to be appointed by the President of the Senate, and that said joint committee then call on the Governor of the Commonwealth of Kentucky to notify him that this General Assembly is duly organized and ready to receive any message that he may desire to deliver, his fixing the time and place.

Representative Morgan moved adoption of **HR 2.** Adopted.

HR 3, by Representative Morgan: A JOINT RESOLUTION making an appropriation to the Legislative Session Fund and declaring an emergency.

Appointment of Committee

The Speaker appointed the following Committee pursuant to **HR 2:** Representatives Heskamp, Casey, Wilson, Day, Vernon Reed, Freeman and Mullins.

Joint Session

The Committee appointed to wait upon the Governor reported that the Governor was ready to address a Joint Session of the General Assembly.

The Senate entered upon the floor of the House and the Honorable Harry Lee Waterfield, Lieutenant-Governor and President of the Senate, assumed the Chair and called the Joint Session to order.

Prayer by the Reverend John C. Chenault of the First Christian Church of Frankfort.

Representative Morgan moved that the roll call be dispensed with. Agreed.

The Committee appointed to wait upon the Governor appeared with His Excellency, Albert B. Chandler, Governor of the Commonwealth of Kentucky, who took his place at the Clerk's desk.

The Governor addressed the General Assembly as follows:

ADDRESS BY GOVERNOR A. B. CHANDLER
BEFORE A JOINT SESSION OF THE KENTUCKY GENERAL
ASSEMBLY IN EXTRAORDINARY SESSION MARCH 9, 1956

I have expressed to you frequently – and to the people of Kentucky more frequently–my determination to bring to the cities and towns of Kentucky new industries which will provide employment for our people and sources of revenue for the operation of our state. I had the great pleasure this week of announcing the location of a very substantial industry in Oldham County which will increase the per capita income of that community greatly. This is only the beginning of what I hope will be a parade of industries.

In my negotiations with industrial leaders who indicate an interest in bringing their operations to Kentucky two questions inevitably arise: (1) the adequacy of our highways, and, (2) the adequacy of our highway transportation system. I cannot give a satisfactory answer to these inquiries, nor can they be answered favorably by any of the state agencies who are undertaking to bring industries into Kentucky. A realistic appraisal of our situation brings us to the inescapable conclusion that we must take immediate action to improve our system of highways on a scale not yet attempted in Kentucky. An equally realistic view of the situation requires that, at the same time, we bring our highway transportation system up to date and in line with the states which surround us. These subjects are interrelated and have been reserved for your special consideration.

The highway problem is a national problem. In this area of government, as in so many others, the states find themselves unable to cope with the demands placed upon them because the Federal Government has removed from our reach sources of taxation which otherwise would be available to us. As respects interstate highways, it now appears that the Federal Government is about to "face up to the situation", and to make available to the states on a matching basis a large sum of money for the construction of interstate highways. Neither the overall amount of Federal funds, nor the allocation basis has been determined, but the best available information is that Federal funds will be made available to the states for interstate highways on the basis of $9.00 Federal money for $1.00 of state money. This situation makes it imperative that this Legislature provide funds for the purpose of matching Federal funds on whatever basis they may be allocated.

To meet this situation you will be asked to contract a debt on behalf of the Commonwealth in the amount of One Hundred Million Dollars subject, however, to the will of a majority of the people of Kentucky when the question is presented to them at the regular election in November, 1956. I was opposed to the Highway Authority Act enacted by a former Legislature which, by a leasing device, would have permitted the Department of Highways to contract a debt without limitation and without a vote of the people. No debt should ever be fastened upon the people of Kentucky without their consent. I, for one, would not want a Legislature, or a Governor, or an Administration, to contract a debt on my behalf without my consent. The Highway Authority Act was held unconstitutional as violating Section 50 of the Constitution of Kentucky which plainly provides that any debt contracted on behalf of the Commonwealth shall not become effective until it has been submitted to the people at a general election and has received a majority of all the votes cast for and against it. When the Constitution has been observed, the people of Kentucky have a perfect right to provide for future, permanent improvement for their welfare and comfort provided the act which

creates the debt provides for the levy and collection of an annual tax sufficient to pay the debt and the interest thereupon within 30 years.

The Act which will be submitted to you makes ample provision for the retirement of the debt and the interest thereupon within the 30-year period required by the Constitution.

The enactment of this legislation and its approval by a majority of Kentuckians will probably mean that interstate highways in Kentucky to the extent of One Billion Dollars may be built within the foreseeable future. The advantages which will flow from such action can hardly be calculated. Failure to enact into law the legislation which will be submitted to you would, on the other hand, be disasterous to the future development and progress of our Commonwealth.

There are those who have said that the enactment of this legislation and the submission of the question to the people of Kentucky should wait until the Federal legislation has become effective. These critics fail to take into account the fact that this Act cannot be voted upon until November, 1956, by which time, in all probability, the Federal law will be enacted. They also fail to take into account the provisions of the Act which, of course, they had not seen, which provides that bonds may be issued as needed for the sole and only purpose of matching Federal funds for the construction of interstate highways. If the funds are not needed for that purpose the bonds will not be issued. It is as simple as that. Consider for a moment the dilemma which would arise if we hesitated. Suppose no legislation were passed and the Congress about the time of adjournment, which normally is November, should enact the Federal legislation which appears to be a certainty. It would then be required that the Legislature be called into Extraordinary Session and that we wait until November, 1957 to submit the question to the people. In the meantime, we would not have funds sufficient to match the expected Federal allocation. The legislation which you will receive plainly provides that the proceeds of the bond issue will be used only to match Federal funds and if the Federal funds are not available for matching, then the bonds would not and could not legally be issued.

The effect of favorable action on the legislation which will be presented to you will be felt far beyond interstate highways. When the funds provided by the bond issue are used to match Federal funds for interstate highways then, of course, other funds will be released for the building of secondary and rural roads. There is not a single county in the Commonwealth of Kentucky which will not be benefited by the passage of the bond issue which I recommend.

Now to consider the second important aspect of the call: For many years Kentucky has been a detour state for interstate trucking. All of the states which surround us have load limits and dimensions far in excess of those in Kentucky. Trucks moving across Kentucky are required either to reduce their loads at the borders of Kentucky or avoid the state which, of course, creates an impossible situation.

The free flow of commerce is absolutely essential to the commercial progress and development of a state. A dramatic illustration of the impossible situation which now exists can be found at Doe Run, Kentucky where the Mathieson Hydrocarbon Chemical Company has an enormous operation. Truck transportation is absolutely essential to the operation of this industry. Its products move principally to the Eastern Seaboard through states which permit greater load limits than are permitted in Kentucky. In order for this industry to move its products by tank truck it is required that the trucks be ferried across the Ohio River into Indiana in order that they may be utilized. We cannot expect industries to come to Kentucky if they are hindered and hampered by a highway transportation system which precludes their ordinary growth and development. As long ago as December, 1953, a report on Kentucky State Highways prepared by engineers, one of whom was a former highway commissioner of Kentucky, recommended:

> "The best information available indicates that (a) Existing roadways designed for 18,000 pound single axle loads are adequate for those axle loads with certain minor exceptions noted elsewhere in this report. If this is true, and in our professional opinion, it is, these same roadway facilities are adequate for any gross weight or gross load (no matter how great) provided that a single axle load of 18,000 lbs. and an axle spacing of not less than 4 feet is observed.
>
> "On the Class 'A' system of highways designed for heavy trucking operations, the present legal gross weight limit of 42,000 lbs. is inconsistent with the 18,000 lbs. single and the 36,000 lbs. tandem axle loads now permitted. *The existing gross weight limit is restrictive and unrealistic.*
>
> "The Class 'A' roads are now adequate for vehicles of greater gross weight, keeping the present maximum axle loads and length but with a proper spacing of axles in compliance with the AASHO recommendations.
>
> "Bridges on the Class 'A' system are now adequate for the proposed increased gross weight except for a comparatively few substandard structures which when replaced will be adequate."

The study made in 1953 recommended increasing the permitted length of truck-trailers to 50 feet and increasing weights to between 56,800 pounds and 60,800 pounds depending on a 45 to 50 foot length and permitting the Commissioner of Highways to designate the highways over which these trucks may travel. The most recent study of our highway problem was culminated in November, 1955. The study was made by the Automotive Safety Foundation in cooperation with the Department of Highways of the Commonwealth of Kentucky. I have that report before me, and it provides, at page 51, as follows:

> "Most of the highways now designated as 'A' Routes are capable of carrying weights permitted under the ASSHO (American Association of State Highway Officials) recommendations. The proposed improvement programs would progressively qualify all important carrier routes for operation under these regulations. Therefore, it is recommended that present legislation be repealed, and that the limitations recommended by the American Association of State Highway Officials be adopted as the basic regulations of commercial vehicle size and weight in Kentucky."

The report of the Automotive Safety Foundation then states further its recommendations which are somewhat complex, but the recommended weight and dimensions of the legislation which will be presented to you is well within the limitation recommended by the American Association of State Highway Officials and the Automotive Safety Foundation. From these scientific studies—and from others which could be produced—it is very obvious that weight limitation on truck-semi-trailers in Kentucky is unrealistic, unnecessary and a very serious impediment to the commercial development of the state which must be removed if we are to achieve any degree of industrial improvement.

The bill which will be presented to you keeps in effect the present height and width of trucks and truck-trailers. It permits an overall length of 48 feet as against the 45 feet which is now the law of the state, even though the students of the subject recommend a greater length. Weight limits permitted by the new legislation would permit a truck-semi-trailer to carry a gross weight of 59,640 pounds on axles in tandem arrangement, but also provides that no more than 16,000 pounds may be carried on any such axle. Trucks and truck-semi-trailers presently operating—with no more than three axles—would not be disturbed and could continue to operate as they do at the present time.

To compensate for the additional weight to be carried on truck-semi-trailer combinations with axles in tandem arrangements an additional two cents per gallon on motor fuels will be imposed by legislation which will be submitted to you. Most of the students of the question believe that the best method of taxing interstate trucking operations is to require such an operator to license his fleet in Kentucky in proportion to the ratio between miles traveled by him in Kentucky as against miles traveled elsewhere. We, however, are not prepared at this time to enact such legislation, for I am advised it would impair reciprocal arrangements between Kentucky and other states and would impede the flow of commerce between the states. The proposed legislation carries a provision requiring the Department of Motor Transportation to negotiate with other states in the United States with a view to recommending a method of proportionate licensing to the 1958 General Assembly which, it is believed, is the better way to deal with a complicated situation.

The method of taxation, however, which is recommended to you —namely, the imposition of an additional tax of two cents on motor fuels used by heavy equipment operators follows generally legislation which has just been enacted into law without a dissenting vote by the Legislature of Virginia and which, we believe, is fair under all the circumstances.

At the present time, under a 1954 Act which requires interstate operators of commercial vehicles to report and pay motor fuels taxes on such fuel used or which should have been used in Kentucky, such operators are contributing to the road fund about $1,800,000 a year. It is estimated that the increase in revenues to the road fund which will flow from the increased taxes on motor fuels which I have described and other tax measures which will be submitted to you during this session will approximate $2,200,000. The combination of these funds—about $4,000,000—will retire the recommended bond issue over a period of 30 years, assuming it bears an interest rate of 2½% or less. Thus, I am about to submit to you a plan which, if enacted in its entirety, will permit matching funds which are indispensable to the construction of a system of interstate highways; which will release funds now used for matching purposes for the building of secondary and rural roads, the cost of which will be borne entirely, or substantially, by the commercial users of our highways. This, I believe, is 'a consummation devoutly to be wished'. I can think of no greater disaster that could come upon the state than to defeat such a plan.

This entire plan will be embraced in a series of separate bills. In some instances they deal with the elimination of certain exemptions and in others they relate directly to revenue and taxation. The bills are simple—easily understood—and have been prepared with great care. One of them will permit Kentucky to realize approximately a quarter of a million dollars on gasoline stored for use by the Federal Government and this makes me very happy, for I am searching for ways whereby we can retrieve some portion of revenues which we lose to Uncle Sam.

I hope you will enact these measures into law, for they constitute, in their entirety, a solemn promise which I made to the people of Kentucky and which I am determined to carry into effect. I shall be grateful for your cooperation for I want you to share with me the very great contribution which jointly we can make to the progress and welfare of our beloved Commonwealth.

Representative Morgan moved that the Joint Session of the General Assembly do now dissolve. Agreed.

The Speaker resumed the Chair and called the House to order.

Representative Morgan moved the rules be suspended for introduction of a resolution. Agreed.

Introduction of Resolutions

HR 4, by Representative Morgan: A RESOLUTION commending the basketball team of Morehead State College, and its Coach Robert Laughlin, for its achievements during the 1955-1956 season.

WHEREAS, the basketball team of Morehead State College has compiled an excellent record for the 1955-1956 season against the better teams of the nation; and

WHEREAS, said team has averaged 96.5 points per game; and

WHEREAS, said average represents the highest scoring average of any team in the United States; and

WHEREAS, said team has exceeded the all time total scoring record for a major college team for a single season; and

WHEREAS, said team number among its players the third highest individual scorer in the nation in the person of Dan Swartz; and

WHEREAS, Robert Laughlin coach of the Morehead State College basketball team has performed his duties admirably, not only in his professional capacity but also as a builder of character and moral integrity of the players; and

WHEREAS, the basketball team of Morehead State College will be one representative of the Commonwealth of Kentucky in the National Collegiate Association tournament.

NOW, THEREFORE,

Be it resolved by the House of Representatives of the Commonwealth of Kentucky:

That the 1956 session of the House of Representatives does hereby express its commendation to the basketball team of Morehead State College and to its coach, Robert Laughlin, for the honor and glory which it has brought to the Commonwealth by its achievements during the 1955-1956 season.

Representative Morgan moved adoption of **HR 4.** Adopted.

HR 5, by Representative Day: A JOINT RESOLUTION providing for study by the Department of Highways regarding the establishing of a highway atop the proposed Markland Dam and possible source of revenue to assist in financing same.

Representative Morgan moved that the House adjourn until 8:00 P.M., March 13th. Agreed.

TUESDAY, MARCH 13, 1956

FOURTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend John C. Chenault of the First Christian Church, Frankfort.

The roll was called. All present except Billington, Blue, Breathitt, Carter, Casey, Caudill, Conrad, Grundy, Hadden, McCallum, Murphy, Nunn, Nunnelley, Pollitte, Qualls, Rayburn, Vernon Reed, Sloan, Stith, Thomas, Tinsley, Walsh, Weintraub, Williamson, and Young, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for March 9, 1956, dispensed with and the same approved on motion of Representative Isler.

Introduction of Bills

HB 1, by Representative Morgan: AN ACT relating to motor transportation and motor vehicles.

HB 2, by Representative Morgan: AN ACT relating to the registration of trailers, semi-trailers and house-trailers.

HB 3, by Representative Morgan: AN ACT relating to motor transportation and motor vehicles.

HB 4, by Representative Morgan: AN ACT relating to the excise tax on gasoline.

HB 5, by Representative Breckinridge: AN ACT relating to motor transportation and motor vehicles and the operation thereof within and through the Commonwealth of Kentucky.

HB 6, by Representative Breckinridge: AN ACT relating to the selection of secondary and rural roads for construction, reconstruction or maintenance and providing for consultation with the fiscal courts of the various counties with reference thereto.

Representative Morgan moved that the House do now recess for 30 minutes for a Rules Committee Meeting. Agreed. At the appointed hour, the Speaker resumed the Chair and called the House to order.

Report of Committee

Representative Morgan moved that the rules be suspended for a Committee Report. Agreed.

Committee on Rules reported **HB 1, HB 2, HB 3, HB 4,** and **HR 3** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

HB 1: AN ACT relating to motor transportation and motor vehicles.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. Section 186.050 of the Kentucky Revised Statutes is hereby amended to read as follows:

(1) The annual registration fee for motor vehicles, including taxicabs, primarily designed for carrying passengers and having provisions for not more than nine passengers, including the operator, shall be $4.50.

(2) The annual registration fee for each motorcycle shall be $2.00, and for each sidecar attachment, $1.00.

(3) All motor vehicles except those mentioned in subsection (1) and (2), and those engaged in hauling passengers for hire operating under certificates of convenience and necessity, are classified as trucks or busses, and the annual registration fee, except as provided in subsections (4) through (8), shall be as follows:

Gross Weight	*Registration Fee*
0- 5000	$ 10.00
5001- 8000	22.00
8001-10000	25.00
10001-12000	29.00
12001-14000	32.00
14001-16000	36.00
16001-18000	40.00
18001-21000	45.00
21001-24000	50.00
24001-27000	59.00
27001-30000	71.00
30001-33000	85.00
33001-36000	101.00
36001-39000	123.00
39001 or over	150.00

The registration fee shall be increased fifty percent on any motor vehicle not equipped wholly with pneumatic tires.

(4) Any farmer owning a truck having a gross weight of 22,000 pounds or less may have it registered as a farmer's truck and obtain a license for $4.50 by filing with the county clerk, in addition to other information required, an affidavit, stating that he is a farmer engaged solely in the production of crops, livestock or dairy products, that he owns a truck of the gross weight of 22,000 pounds or less, that he has caused to be printed upon each side of the bed of the truck the words "Farmer's Truck" in conspicuous letters not less than three inches in height, and that during the next twelve months the truck will be used only in transporting persons, food, provender, feed and machinery used in operating his farm and the products grown on his farm.

(5) Any person owning a truck or bus used solely in transporting school children and school employes may have the truck or bus registered as a school bus and obtain a license for $4.50 by filing with the county clerk, in addition to other information required, an affi-

davit stating that the truck or bus is used solely in the transportation of school children and persons employed in the schools of the district, that he has caused to be printed on each side of the bed of the truck or bus and on the rear door or part of the bed the words "School Bus" in letters at least six inches high and of a conspicuous color and that the truck or bus will be used during the next twelve months only for the purpose stated.

(6) Any church or religious organization owning a truck or bus used solely in transporting persons to and from a place of worship or for other religious work may have the truck or bus registered as a church bus and obtain a license for $4.50 by filing with the county clerk, in addition to other information required, an affidavit stating that the truck or bus will be used only for the transporting of persons to and from a place of worship, or for other religious work, and that there has been printed on the truck or bus in large letters the words "Church Bus," with the name of the church or religious organization owning and using the truck or bus, and that during the next twelve months the truck or bus will be used only for the purpose stated.

(7) Any person owning a truck on which an outfit for drilling water wells has been mounted and bolted to the chassis may register the truck and obtain a license for $4.50 by filing with the county clerk, in addition to other information required, an affidavit that an outfit for the drilling of water wells has been mounted on and bolted to the chassis of the truck, and that during the next twelve months the truck will be used only for the transportation of the well drilling outfit.

(8) Any person owning a motor vehicle on which a wrecking crane and other equipment suitable for an automobile wrecker service has been permanently mounted may register the vehicle and obtain a license for $9.50 by filing with the county clerk, in addition to other information required, an affidavit that a wrecking crane and other equipment suitable for an automobile service has been permanently mounted on such vehicle and that during the next twelve months the vehicle will be used only in automobile wrecker service.

Section 2. Section 186.055 of the Kentucky Revised Statutes is hereby amended to read as follows:

(1) All motor vehicles registered under subsection (3) of KRS 186.050, except motor vehicles taxed under KRS 281.810 wherein the gross weight exceeds 18,000 pounds, shall pay an additional fee as follows:

Gross Weight	*Weight Fee*
18,001-21,000	$ 67.00
21,001-24,000	84.00
24,001-27,000	97.00
27,001-30,000	113.00
30,001-33,000	130.00
33,001-36,000	148.00

Gross Weight	*Weight Fee*
36,001-39,000	170.00
39,001 or over	200.00

(2) The clerk shall issue a weight plate furnished by the department and shall be paid for this service the sum of twenty-five cents.

(3) The clerk shall not register any common or contract carrier motor vehicle transporting property for hire until the owner has exhibited to the clerk a receipt from the Department of Motor Transportation showing that the weight tax has been paid as provided for under KRS 281.810.

(4) Motor vehicles registered under subsection (3) of KRS 186.050 or duly registered under the laws of any other state, which when operated in this state are used exclusively for the transportation of property within the limits of the city named in the affidavit hereinafter required to be filed, or within ten miles of the limits of the city if it is a city of the first, second, third, or fourth class, or within five miles of its limits if it is a city of the fifth or sixth class, shall not be required to pay the fee as set out in this section. Nothing in this section shall be construed to limit any right of nonresidents to exemption from registration under any other provision of the laws granting reciprocity to nonresidents. Operations outside of this state shall not be considered in determining whether or not the foregoing mileage limitations have been observed. When claiming exemption of payment of the fee, the owner shall file with the county clerk in addition to any other information that may be required an affidavit stating that the motor vehicle when used within this state is used only for the transportation of property within the city to be named in the affidavit and the area above set out and that the vehicle will not be used outside of the city and the area above set out during the current registration period, and that there has been printed conspicuously on each side of the vehicle in letters of distinctive color at least three inches in height the name of the owner and words "Urban Limits".

Section 3. Section 281.810 of the Kentucky Revised Statutes is hereby amended to read as follows:

(1) On or before January 1 of each year and as a condition precedent to the use of the highways, every motor carrier operating motor vehicles primarily engaged in the transportation of property for hire shall pay to the Department of Motor Transportation for the privilege of using the highways an annual excise tax upon each motor vehicle so used based on the declared gross weight of the motor vehicle as set out in KRS 186.030, in addition to the basic registration fee set out in KRS 186.050, as follows:

Gross Weight	*Fee*
0- 5000	$ 22.00
5001- 8000	30.00
8001-10000	48.00
10001-12000	52.00
12001-14000	57.00
14001-16000	62.00
16001-18000	70.00
18001-21000	101.00
21001-24000	132.00
24001-27000	161.00
27001-30000	185.00
30001-33000	208.00
33001-36000	235.00
36001-39000	272.00
39001-or over	300.00

(2) The tax shall be increased fifty percent on each motor vehicle not equipped wholly with pneumatic tires.

(3) On or before January 1 of each year and as a condition precedent to the use of the highways, every motor carrier engaged in the driveaway business shall pay an annual license fee of two hundred fifty dollars which shall be in lieu of the weight tax set out in subsection (1) of this section.

Section 4. Section 281.813 of the Kentucky Revised Statutes is hereby amended to read as follows:

On or before January 1 of each year and as a condition precedent to the use of the highways, every carrier or motor carrier acting as a U-Drive-It shall pay to the department for the privilege of using the highways an annual excise tax upon each motor vehicle used in the transportation of property based upon the declared gross weight of the motor vehicle as set out in KRS 186.030, in addition to the basic registration fee as set out in KRS 186.050, and in lieu of the taxes imposed by KRS 186.055, as follows:

Gross Weight	*Fee*
0- 5000	$ 22.00
5001- 8000	30.00
8001-10000	48.00
10001-12000	52.00
12001-14000	57.00
14001-16000	62.00
16001-18000	70.00
18001-21000	101.00
21001-24000	132.00
24001-27000	161.00
27001-30000	185.00
30001-33000	208.00

Gross Weight	*Fee*
33001-36000	235.00
36001-39000	272.00
39001-or over	300.00

Section 5. Whereas, legislation is presently pending in the General Assembly which will increase the permissable maximum gross weight of motor trucks and tractor semi-trailer combinations from 42,000 pounds to 59,640 pounds, and

Whereas, such legislation will become effective upon its passage and approval by the Governor, and

Whereas, it is necessary that fees provided for in this Act be adjusted to conform with the proposed new maximum weights,

Now, Therefore, an emergency is declared to exist and this Act shall become effective upon its passage and approval by the Governor.

HB 2: AN ACT relating to the registration of trailers, semi-trailers and house-trailers.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. As used in this Act:

(a) A "trailer" means any vehicle designed for carrying persons or property and being drawn by a motor vehicle being so constructed that no part of its weight rests upon the towing vehicle.

(b) "Semi-trailer" means any vehicle designed for carrying persons or property and for being drawn by a motor vehicle and is so constructed that some part of its weight and some part of its load rests upon or is carried by another vehicle.

(c) "House-trailer" means any vehicle used, or maintained for use, as a conveyance upon highways, designed and constructed in such a manner as will permit occupancy thereof as a temporary dwelling, or as sleeping places for one or more persons, or the conduct of any business or profession, occupation or trade having no other foundation than wheels or jacks, and not being used in one location as a permanent dwelling.

(d) "Department" means the Department of Revenue.

Section 2. (1) Before any owner or operator of a trailer, semi-trailer or house-trailer, other than trailers or semi-trailers registered under the provisions of Chapter 281 of the Kentucky Revised Statutes may operate or permit the operation of such vehicles upon the highways, the owner shall apply for registration to the county clerk of the county in which he resides or in which such vehicles are principally operated. The application shall be retained by the clerk and shall be accompanied by:

(a) A bill of sale, if the application is for the registration of a new trailer, semi-trailer or house-trailer; or

(b) The owner's registration receipt, if the trailer, semi-trailer or house-trailer was last registered in this state; or

(c) A bill of sale and the previous registration receipt, if last registered in another state where the law of such state does not require the owner of a trailer, semi-trailer or house-trailer to obtain a certificate of title or ownership; or

(d) A certificate of title, if last registered in another state where the law of such state requires the owner of a trailer, semi-trailer or house-trailer to obtain a certificate of title or ownership; or

(e) Affidavit from the owner of a trailer, semi-trailer or house-trailer assembled or constructed for his personal use on the highways; or

(f) Affidavit from the owner of a trailer, semi-trailer or house-trailer where the bill of sale for such vehicle has been lost, destroyed or stolen.

The affidavit required in paragraph (e) shall contain the owner's name, address, date, brief description and a statement that the trailer was constructed by the owner for use on the highways and any additional information that the Department may from time to time prescribe by regulation.

The affidavit required in paragraph (f) shall contain the owner's name, address, date, make, year made, serial or identification number, from whom purchased, date of purchase, that the person making the affidavit is the sole owner, the circumstances under which the bill of sale was lost, destroyed or stolen, and any additional information that the Department may from time to time prescribe by regulation.

After that, he shall register his trailer, semi-trailer or house-trailer on or before March 1 of each year. Insofar as the owner is concerned, registration with the clerk shall be deemed to be registration with the Department.

Section 3. A trailer, semi-trailer or house-trailer last registered in another state and purchased by a person for operation in this state shall be first registered in this state by and in the name of the purchaser and not in the name of the seller.

Section 4. If an owner because of sickness or absence from the state is unable to renew the registration of his trailer, semi-trailer or house-trailer on or before March 1, he will be deemed to have complied with the law, if before operating the trailer, semi-trailer or house-trailer in this state he registers it at some later date and pays the fee for the full year, just as though he had renewed the registration on or before March 1. The owner shall file with the application an affidavit showing sickness or absence.

Section 5. The application blank shall contain blank spaces for, and the applicant shall fill in the owner's name and post office address,

make of the trailer, semi-trailer or house-trailer, and serial or identification number. Every application shall be accompanied by the appropriate fee.

Section 6. Upon filing application and paying the fee as provided by law, said owner shall be given a receipt containing the registration number and the information included in the application and one plate for the registration year bearing said number.

Section 7. The annual registration fee for trailers and semi-trailers which are drawn by motor vehicles required to be licensed under section 186.050 of the Kentucky Revised Statutes shall be $4.50.

The registration fee for house-trailers shall be $9.50.

The clerk shall issue the registration plate furnished by the Department and shall be paid for this service the sum of fifty cents.

Section 8. If any person becomes the owner of a trailer, semi-trailer or house-trailer after January 1 of any year, and for that reason registers for only part of a year the registration fee shall be as many twelfths of the annual fee as there are unexpired months in the calendar year.

Section 9. The Department shall prescribe a plate of practical form and size which shall contain only the registration number and the word "Trailer" and the abbreviation of the word "Kentucky".

Section 10. Sections 186.070 through 186.240 of the Kentucky Revised Statutes shall apply to the registration of trailers, semi-trailers and house-trailers in so far as practicable.

Section 11. Trailers, semi-trailers and house-trailers as defined in this Act are expressly exempted from Sections 138.450 through 138.470 of the Kentucky Revised Statutes.

Section 12. The Department of Revenue shall administer the provisions of this Act.

Section 13. This Act shall become effective January 1, 1957.

HB 3: AN ACT relating to motor transportation and motor vehicles.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. Section 281.630 of the Kentucky Revised Statutes is hereby amended to read as follows:

(1) A certificate shall be issued to any qualified applicant therefor, authorizing the whole or any part of the operation covered by the application, if it is found that the applicant is fit, willing and able properly to perform the service proposed and to conform to the provisions of this chapter and the requirements and the rules and regula-

tions of the department thereunder, and further that the existing transportation service is inadequate, and that the proposed service, to the extent to be authorized by the certificate, is or will be required by the present or future public convenience and necessity, and that the proposed operation, to the extent authorized by the certificate, will be consistent with the public interest and the transportation policy declared in this chapter; otherwise such application shall be denied, provided, however, that nothing herein shall be construed so as to require the department to give, to any existing carrier authorized to render service to, from or between any point on the route proposed to be served by the applicant, any notice regarding the quality or quantity of its service to, from or between such points or to require the department to give to such existing carrier any opportunity to improve its existing service or to render the service found to be needed before the issuance of a certificate to the applicant.

(2) In granting a certificate, the order, among other things, shall specify the route or routes of service and territory to be served, provided that where the certificate to be granted specifies a route or routes or portion of a route or routes common to a certificate or certificates authorizing the same type of operation held by the applicant, all such certificates shall constitute but a single operating authority over that portion of the route or routes common to the certificates. The order granting a certificate shall not limit the number of vehicles to be operated by the motor carrier except that, in the granting of a certificate for the operation of taxicabs, the order shall specify the maximum number of taxicabs to be operated thereunder.

(3) A carrier shall be entitled to have issued to it by the department as many certificates, and of such types, as will cover its entire authorized operation.

(4) A permit shall be granted to any qualified applicant therefor authorizing in whole or in part the operations covered by the application, if it appears from the application and the hearing held thereon that the applicant is fit, willing and able properly to perform the service of a contract carrier by motor vehicle and to conform to the provisions of this chapter and the lawful requirements, rules and regulations of the department thereunder, and that the proposed operation to the extent authorized by the permit will be consistent with the public interest and the transportation policy declared in this chapter, and that it will not unreasonably impair the efficient public service of any authorized common carrier then adequately serving the same territory, and if it further appears that the existing transportation service is inadequate, and that it appears that the proposed service is needed; otherwise such application shall be denied. The department shall specify in the permit the business of the contract carrier covered thereby and the scope therof, and shall attach to it at the time of issuance, and from time to time thereafter, such reasonable terms, conditions and limitations consistent with the character of the holder

as a contract carrier as are necessary to carry out, with respect to the operations of such carrier, the requirements established by the department.

(5) Amendment or change of route or abandonment of a certificate or permit shall be granted upon the same basis that an original certificate or permit is granted.

(6) Any certificate or permit may be sold, assigned, leased or transferred, after a hearing and notice to interested parties as provided for in KRS 281.625, provided the transferee is fit, willing and able to render the proposed service, unless it would be against the public interest, and provided further that the commissioner may approve the sale and transfer of a certificate for the operation of taxicabs without a hearing if, after due notice of the proposed sale or transfer is given to all interested parties in accordance with the rules and regulations of the department, no protest is filed to the proposed sale or transfer and the commissioner believes that it will be in the public interest.

(7) For the purpose of this section, a transfer of the controlling stock of a corporation owning a certificate or permit may be considered a transfer of said certificate or permit.

(8) Upon the consummation of a merger or consolidation of motor carriers as effected under the provisions of KRS Chapter 271, the surviving or new corporation, as the case may be, shall own and possess all of the certificates, permits, authorizations, licenses, rights, privileges, franchises and properties owned or possessed by each of such motor carriers; and if such merger or consolidation is set aside, the certificates, permits, authorizations, licenses, rights, privileges, franchises and properties acquired by the surviving or new corporation through the merger or consolidation shall become revested in the corporation from which acquired, unless disposed of, subject to such indebtedness and liens as may be equitable, and all other properties of the surviving or new corporation shall become vested in the constituent corporation in such manner as may be fair and equitable.

(9) (a) Notwithstanding the provisions of subsection (3) of this section, where a motor carrier has been granted two or more certificates or permits authorizing the same type of operation over a route or routes or a portion of a route or routes common to two or more of the certificates or permits, the carrier shall be deemed to possess only one operating authority over that portion of the route or routes common to the certificates or permits.

(b) The department is authorized to recall any of the certificates or permits described in paragraph (a) and to reissue one or more certificates covering the exact authority.

Section 2. Section 281.631 of the Kentucky Revised Statutes is hereby amended to read as follows:

(1) Every holder of a certificate of public convenience and necessity issued by the Department of Motor Transportation authoriz-

ing the transportation of persons or property for hire, which certificate authorizes service at a point that is also a point at which service is authorized under the terms of any other certificate of the same type held by the same person, is authorized to transport persons or property, as the case may be, for hire, from any point on either of said certificated routes via such common point of service to any point on any other such connecting certificated route or routes, unless such service be restricted by the terms of any of said certificates.

(2) It is the purpose of this section to further clarify the provisions of KRS Chapter 281 relating to the application of the administrative and judicial interpretations of the Federal Motor Carrier Act to the administration of KRS Chapter 281.

Section 3. Section 281.640 of the Kentucky Revised Statutes is hereby amended to read as follows:

Hearings before the department may be held at the most convenient place for the parties and witnesses. The hearing shall be conducted by an examiner appointed by the commissioner who shall be a practicing attorney in this state and who shall be a full-time employee of the department. After the final conclusion of the hearing the examiner shall make a report and recommended order, which report and recommended order shall contain a finding of fact and a conclusion of law, and such report and recommended order shall be served by certified mail upon each of the parties. Any of the parties thereto may, within twenty days after the date of the report and recommended order, file and serve exceptions thereto and reasons in support thereof. Replies may be served and filed within twenty days after the date of the filing of exceptions. Thereafter the commissioner or one of the assistant commissioners shall consider and pass upon the case. When passed upon by the commissioner or when passed upon by an assistant commissioner and approved by the commissioner, the decision shall be served by certified mail upon all parties and shall be a final order of the department. The report and recommended order will not become the decision of the department through failure to file exceptions, but in the absence of exceptions ordinarily will be taken by the department as the basis of its decision. However, nothing herein contained shall prevent the commissioner from holding or conducting any hearing, referred to herein, in regard to rates, fares and charges, and his decision shall be the final order of the department.

Section 4. Section 281.650 of the Kentucky Revised Statutes is hereby amended to read as follows:

(1) Every certificate or permit shall be renewed before January 1 of each year. Application for renewal shall be in such form as the department may require.

(2) No motor vehicle shall be operated after January 1 of each year unless the requisite fee as hereinafter provided for is paid.

(3) A certificate or permit not renewed within one calendar year after renewal date shall automatically become null and void and cannot be reinstated. Nothing herein contained shall prohibit the filing of a new application.

(4) The department shall not renew any certificate or permit if such certificate or permit has been revoked, or if suspended, during the period of suspension. A certificate or permit shall not be considered as revoked or suspended when an appeal is pending in the Franklin Circuit Court or in the Court of Appeals from an order of revocation or suspension until said appeal has been decided by the courts.

(5) For the renewal of any certificate or permit the department shall receive a fee of twenty-five dollars.

Section 5. Section 281.655 of the Kentucky Revised Statutes is hereby amended to read as follows:

(1) Before any certificate or permit will be issued or renewed, the applicant or holder of the certificate or permit must file or have on file with the department an approved indemnifying bond or insurance policy issued by some surety company or insurance carrier authorized to transact business within the Commonwealth of Kentucky. The bond or policy shall be issued for such a period of time that its expiration date will be January 1 of the following year; and shall have attached thereto the state insurance endorsement. All bonds or policies required herein must be issued in the name of the holder of the certificate or permit; provided, however, and except as otherwise provided herein, such bond or insurance policy in the case of a U-Drive-It shall meet the requirements provided for in KRS 187.490. In lieu of the bond or policy, there may be filed with the department an approved certificate of insurance; provided, however, that the expiration date of January 1, above referred to, shall not apply to policies the term of which is continuous and which are to remain in full force until cancelled under proper notice.

(2) All bonds or policies shall specifically state what equipment is covered by the policy. In the event a certificate is filed it shall have endorsed thereon a specific description of all equipment covered by the policy. It is further required that any and all changes in the equipment covered by the policy, or bond, or the certificate of insurance shall be certified to the department at once. The department may authorize acceptance of a policy that is an overall coverage blanket policy, which does not specifically describe the equipment covered thereby.

(3) Effective January 1, 1957, the types and minimum amounts of insurance to be carried on each vehicle are as follows:

MOTOR VEHICLES FOR THE TRANSPORTATION OF PERSONS, INCLUDING U-DRIVE-ITS

Capacity	Death or Injury to Any One Person	Total Liability for Death or Injury to Persons	Property Damage
7 persons or less	$10,000.00	$20,000.00	$5,000.00
8 to 16 inclusive	10,000.00	30,000.00	5,000.00
17 to 25 inclusive	10,000.00	40,000.00	5,000.00
26 or more	10,000.00	50,000.00	5,000.00

MOTOR VEHICLES FOR THE TRANSPORTATION OF PROPERTY, INCLUDING U-DRIVE-ITS

Gross Weight	Death or Injury to Any One Person	Total Liability for Death of or Injury to Persons	Property Damage
18,000 lbs. or less	$10,000.00	$20,000.00	$5,000.00
More than 18,000 lbs.	10,000.00	30,000.00	5,000.00

(4) Any carrier or motor carrier using any vehicle for the transportation of inflammables, explosives or petroleum or petroleum products in bulk shall have the following types and minimum amounts of insurance carried on each such vehicle:

Death of or Injury to Any One Person	Total Liability for Death of or Injury to Persons	Property Damage
$10,000.00	$30,000.00	$25,000.00

(5) Before any certificate exclusively authorizing the transportation of property will be issued or renewed, the applicant or holder of the certificate must file or have on file with the department an approved insurance policy or bond, or approved certificate of such insurance or bond, compensating shippers or consignees for loss or damage to property belonging to shippers or consignees and coming into possession of the carrier in connection with its transportation service, (a) for loss of or damage to property carried on any one motor vehicle in the amount of one thousand dollars; (b) for loss of or damage to or aggregate of losses or damages of or to property occurring at any one time and place in the amount of two thousand dollars. Said policy, or bond, or certificate shall have attached thereto the Kentucky cargo policy endorsement and must be issued by some insurance or surety company authorized to transact business within the Commonwealth of Kentucky. Such policy, bond or certificate shall be issued for such a

period of time that its expiration date will be January 1 of the following year, except that such expiration date shall not apply to policies the term of which are continuous and which are to remain in full force until cancelled under proper notice.

(6) No insurance company or insurance carrier issuing any policy filed with the department, and no surety or obligor on any bond or contract filed with the department, shall be relieved from liability under the policy, bond or contract until after the expiration of 15 days' notice to the department of an intention to cancel the policy, bond or contract, provided, however, that a prior cancellation may be allowed in cases where one policy, bond or contract is substituted for another policy, bond or contract where such substituted policy, bond or contract is of force and effect at a point in time prior to the expiration of 15 days' notice to the department of an intention to cancel the policy, bond or contract for which such additional policy, bond or contract is being substituted. The acceptance of any notice of an intention to cancel any policy, bond or contract or the cancellation of any policy, bond or contract by the department, unless under the circumstances hereinbefore set forth, shall not relieve the insurance company, insurance carrier, surety or obligor of any liability that accrued prior to the effective date of the cancellation.

(7) Upon the cancellation of any bond or insurance policy required by this section, all operating rights granted by the certificate or permit for which said bond or policy was filed, shall immediately cease, and the department is empowered to immediately require the cessation of all operations conducted under authority of said certificate or permit, and to require the surrender of all certificates, permits, licenses and other evidence of a right to act as a motor carrier.

(8) The department may exempt in whole or in part from the requirements of this section any person who applies for such exemption and shows to the satisfaction of the department that, by reason of the financial ability of the person applying, there is due assurance of the payment of all damages for which he may become liable as a result of the operation of any vehicle owned by him or operated under authority of his certificate or permit.

Section 6. Section 281.770 of the Kentucky Revised Statutes is hereby amended to read as follows:

In addition to all other enforcement agencies, the Department of Motor Transportation and the Department of Revenue are hereby authorized to issue commissions to their employees as law enforcement officers, and such employees when so commissioned shall have all the powers of peace officers in respect to the enforcement of this chapter and all the statutes relating to motor vehicles, whether such vehicles be operated as a private carrier or for-hire carrier.

Section 7. A new section of Chapter 281 of the Kentucky Revised Statutes is hereby created to read as follows:

The department may, by regulation, charge a fee of $5.00 each for the issuance of such identifying plates, decals, signs or papers as may be necessary for the identification of trailers or semi-trailers which are operated by carriers or motor carriers under the jurisdiction of the department; provided, however, that the provisions of this section shall not be applicable with respect to:

(1) Trailers or semi-trailers operated in interstate commerce in this state by carriers or motor carriers domiciled in a state other than this state when used in combination with power units licensed in a state other than this state, said power units being lawfully entitled to reciprocal privileges in this state under the circumstances being operated; or

(2) Trailers or semi-trailers operated in interstate commerce in this state by carriers or motor carriers domiciled in a state other than this state when used in combination with power units licensed in a state other than this state, said power units not being lawfully entitled to reciprocal privileges in this state under the circumstances being operated if said power units are at the time properly licensed in this state or are operated under a lawful exemption from the requirements of licensing in this state; or

(3) Trailers or semi-trailers operated in interstate commerce in this state on a lawful interchange basis by carriers or motor carriers domiciled in this state.

Section 8. A new section of Chapter 281 of the Kentucky Revised Statutes is hereby created to read as follows:

The department shall have the right to withdraw, set aside or amend any Final Order it has issued, provided, however, that such action upon the part of the department be taken between the date of the rendition of the Final Order and the expiration of the time for appeal or until an appeal has been taken.

Section 9. A new section of Chapter 281 of the Kentucky Revised Statutes is hereby created to read as follows:

Certificates or permits authorizing the transportation of petroleum and petroleum products in bulk in tank trucks shall be so construed as to authorize the holder thereof to transport acid, coal tar, coal tar products, chemicals, chemical compounds, vegetable oils, and paints in bulk in tank trucks, provided, however, that nothing herein shall be construed to obviate or remove any specific restriction or limitation as to areas which may be served that presently exist in any such certificate or permit, and such limitation or restriction shall remain in effect.

Section 10. A new section of Chapter 281 of the Kentucky Revised Statutes is hereby created to read as follows:

(1) To enable the provision of service for which there is an immediate and urgent need to or from a point or points or within a territory having no carrier service capable of meeting such need, the

department, may, in its discretion and without hearings or other proceedings, grant temporary authority for such service by a common carrier or a contract carrier by motor vehicle, as the case may be. Such temporary authority, unless suspended or revoked for good cause, shall be valid for such time as the department shall specify but for not more than an aggregate of 180 days, and shall create no presumption that corresponding permanent authority will be granted thereafter.

(2) Pending the determination of an application filed with the department for approval of a consolidation or merger of the properties of two or more motor carriers, or of a purchase, lease, or contract to operate the properties of one or more motor carriers, the department may, in its discretion, and without hearings or other proceedings, grant temporary approval, for a period not exceeding 180 days, of the operation of the motor carrier properties sought to be acquired by the persons proposing in such pending application to acquire such properties, if it shall appear that failure to grant such temporary approval may result in destruction of or injury to such motor carrier properties sought to be acquired, or to interfere substantially with their future usefulness in the performance of adequate and continuous service to the public.

Section 11. A new section of Chapter 281 of the Kentucky Revised Statutes is hereby created to read as follows:

The taxes imposed by KRS 281.813 shall be subject to the same proration under the same circumstances as are allowed by KRS 281.825 (2) and the provisions of KRS 281.825 (3) shall be applicable to any license issued for a vehicle subject to KRS 281.813.

Section 12. A new section of Chapter 281 of the Kentucky Revised Statutes is hereby created to read as follows:

Nothing contained in this chapter shall be so construed as to prohibit the department from granting a certificate authorizing the operation of taxicabs from an unincorporated community.

Section 13. Section 281.805 of the Kentucky Revised Statutes is hereby amended to read as follows:

No person shall operate a taxicab in competition with a common carrier outside of the corporate limits of a city or outside the limits of an unincorporated community, as the case may be, except another taxicab, over the route or any part of the route covered by the certificate of the common carrier, except for casual trips, and on such casual trips the operator of the taxicab shall not pick up any passenger along the route and shall not on the return trip carry any passenger other than those carried on the original trip.

Section 14. A new section of Chapter 281 of the Kentucky Revised Statutes is hereby created to read as follows:

In the event a hearing be held by the department upon an appli-

cation for a U-Drive-It permit as defined by KRS 281.010, the question for determination shall be the fitness, willingness and ability of the applicant, and whether the operation proposed is bona fide.

Section 15. A new section of Chapter 281 of the Kentucky Revised Statutes is hereby created to read as follows:

The department may, by regulation, prescribe and charge a fee, not to exceed 50c in each instance, for the issuance of such identifying plates, decals, cards, signs or papers, for the identification of motor vehicles operated by carriers or motor carriers under the jurisdiction of the department, which vehicles have been qualified for, and have been granted, reciprocal privileges in Kentucky in regard to motor vehicle registration fees and highway use taxes.

Section 16. The introductory clause and subsection (26) of Section 281.010 of the Kentucky Revised Statutes are amended to read as follows:

As used in this chapter, unless the context requires otherwise:

* * *

(26) The term "Driveaway" means the transporting and delivering of motor vehicles, except semi-trailers, and trailers, whether destined to be used in either a private or for-hire capacity, under their own power or by means of a full mount method, saddle mount method, the tow bar method or any combination of them over the highways of this state from any point of origin to any point of destination for-hire. The transportation of such vehicles by the full mount method on trailers or semi-trailers shall not be included in the term.

* * *

Section 17. A new section of Chapter 281 of the Kentucky Revised Statutes is hereby created to read as follows:

In addition to the annual license fee imposed by KRS 281.810 (3) each motor carrier operating as a Driveaway shall procure from the department a license tag to be prominently displayed on each unit transported by this method. For such license tag, the carrier shall pay to the department a fee of $5.00 each. The said tag may be transferred from one transported unit to another for re-use.

Section 18. A new section of Chapter 281 of the Kentucky Revised Statutes is hereby created to read as follows:

The Department of Motor Transportation is authorized and directed to negotiate with other states pursuant to the provisions of KRS 281.835 for the purpose of developing a reciprocal method of proportionate registration of fleets of motor vehicles engaged in interstate commerce and operating into or through the Commonwealth of Kentucky and to make such recommendations to the 1958 General Assembly respecting such formula or method or proportionate registration of fleets of motor vehicles as will compensate fairly the Commonwealth of Kentucky for the use of its highways by such vehicles and preserve reciprocity with other states in the United States. The Depart-

ment of Motor Transportation shall make such other recommendations as the General Assembly may request or direct or as the Department may deem desirable in performing the duties required of it by KRS 281.590.

Section 19. Section 187.640 of the Kentucky Revised Statutes is hereby repealed.

HB 4: AN ACT relating to the excise tax on gasoline.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. Section 138.240 of the Kentucky Revised Statutes is amended to read as follows:

(1) Every dealer or the treasurer or other proper officer or agent of every dealer shall, by the last day of each month, transmit to the Department of Revenue a report under oath or affirmation, on such forms as the department may prescribe, of the total number of gallons of gasoline received in this state during the next preceding calendar month. This report shall include the following information:

(a) An itemized statement of the number of gallons of gasoline received that have been produced, refined, manufactured or compounded by the dealer in this state during the next preceding calendar month.

(b) An itemized statement of the number of gallons of gasoline received by the dealer in this state from any source during the next preceding calendar month as shown by shippers' invoices, other than the gasoline falling within the provisions of paragraph (a) of this subsection, together with a statement showing the date of receipt of such gasoline, the name of the person from whom purchased, the date of receipt of each shipment, the point of origin and the point of destination, the quantity of each purchase or shipment, the name of the carrier, the initials and number of each tank car, the date of receipt and the number of gallons contained in each car if shipped by rail or the name and owner of the boat, ship, truck, transport, barge or vessel if shipped by water.

(2) The report required by subsection (1) of this section shall also contain an itemized statement of the number of gallons of received gasoline that the dealer has, during the preceding calendar month:

(a) Sold to the United States Government in single deliveries of not less than two thousand gallons each.

(b) Sold for delivery in this state in transport truck, tank car or cargo lots to licensed bonded dealers. The statement shall give a record of all such transport truck, tank car, or cargo sales of gasoline, giving the date of shipment, the number of gallons contained in each shipment, the name of owner and license number of truck if shipped by transport truck, the initials and number of the tank car if shipped by rail, the name and owner of the boat, barge or vessel and the num-

ber of gallons contained therein if shipped by water, and the name of the person to whom sold, point of shipment and point of delivery.

(c) Lost through accountable losses.

(d) Exported or sold for export from this state to any other state.

Section 2. Section 138.250 of the Kentucky Revised Statutes is amended to read as follows:

(1) Any person who produces, refines, manufacturers or compounds gasoline in this state shall, by the last day of each month file a report with the Department of Revenue, on forms prescribed by it, covering the next preceding calendar month, showing the number of gallons of gasoline at sixty degrees Fahrenheit produced, defined, manufactured or compounded, the number of gallons at sixty degrees Fahrenheit withdrawn from storage and received and the number of gallons withdrawn at sixty degrees Fahrenheit from refinery storage and shipped to points outside of this state, and the number of gallons at sixty degrees Fahrenheit withdrawn from refinery storage and shipped to points within this state upon which the tax has not been paid. This report shall give in detail such information as the department may require, regarding each separate shipment, the date of shipment, the number of gallons at sixty degrees Fahrenheit in each shipment, the name of owner and license number of truck if shipped by transport truck, the initial and number of tank car if shipped by rail, the name and owner of barge if shipped by water, the name and address of person to whom shipped, the point of shipment, the point of destination and the name of carrier to whom delivered for transportation to destination.

(2) Any person who imports and stores gasoline in any marine or pipeline terminal storage in this state shall, by the last day of the month, file a report with the Department of Revenue, on forms prescribed by it, covering the next preceding calendar month, showing the number of gallons of gasoline at sixty degrees Fahrenheit unexported and stored, the number of gallons at sixty degrees Fahrenheit withdrawn from storage and received, the number of gallons at sixty degrees Fahrenheit withdrawn from storage and shipped to points outside of this state, and the number of gallons of gasoline at sixty degrees Fahrenheit withdrawn from storage and shipped to points within this state, upon which the tax has not been paid. This report shall give in detail such information as the department may require, regarding each separate shipment, the date of shipment, the number of gallons at sixty degrees Fahrenheit in each shipment, the name of owner and license number of truck if shipped by transport truck, the initial and number of tank car if shipped by rail, the name and owner of barge if shipped by water, the name and address of person to whom shipped, the point of shipment and point of destination, and the name of carrier to whom delivered for transportation to destination.

(3) There shall be allowed a monthly deduction for evaporation, shrinkage or unaccountable losses while in storage, of that number of gallons equal to the actual loss of gasoline so sustained out of the total number of gallons of gasoline stored in any marine terminal, refinery or pipeline terminal, except that such deduction may not in any event exceed three-fourths of one percent of the total number of gallons of gasoline stored in any marine terminal, refinery or pipeline terminal. The remaining gasoline placed in storage must be fully accounted for as in physical inventory, accountable loss, withdrawn for export or withdrawn from storage and received for taxable purposes.

(4) The number of gallons of gasoline added to marine, pipeline or refinery storage shall be determined by the department by actual measurement of terminal storage tanks in the manner it deems necessary.

Section 3. Whereas, it is to the best interest of the people of the Commonwealth of Kentucky that the provisions of this Act take effect at the earliest possible date, an emergency is declared to exist and this Act shall take effect immediately upon its passage and approval by the Governor.

HR 3: A JOINT RESOLUTION making an appropriation to the Legislative Session Fund and declaring an emergency.

WHEREAS, the funds appropriated to the Legislative Session Fund for the present biennium are almost exhausted, and

WHEREAS, sufficient funds are not available to pay members and employees of the General Assembly for the duration of the extraordinary sessions of the General Assembly,

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

Section 1. That there is appropriated to the Legislative Session Fund out of the General Expenditure Fund in the State Treasury the sum of three hundred thousand dollars for the 1955-56 fiscal year.

Section 2. Whereas, funds previously appropriated to the General Assembly are insufficient to meet the expenses of the extraordinary sessions, an emergency is declared to exist, and this Resolution shall become effective upon its passage and approval by the Governor.

Introduction of Bills

HB 7, by Representatives Burnley and Harris: AN ACT relating to motor vehicles and the operator's thereof.

Representative Morgan moved to adjourn until 1:00 P.M., March 14th. Agreed.

WEDNESDAY, MARCH 14, 1956

FIFTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend John C. Chenault of the First Christian Church, Frankfort.

The roll was called. All present except Billington, Blue, Cottengim, Davidson, Farmer, Hadden, Highland, Durham Howard, Isler, Lambert, Nunnelley, Pollitte, Qualls, Ratcliffe, Rayburn, Weintraub, Williamson, and Young, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for March 13, 1956, dispensed with and the same approved on motion of Representative Thompson.

Calendar

HB 1, HB 2, HB 3, HB 4, and **HR 3** were taken from the Calendar and read at length for the second time. Ordered placed in the Orders of the Day.

Introduction of Bills

HB 8, by Representative Morgan: AN ACT relating to revenue and taxation.

Recess

Representative Morgan moved that the House do now recess for 15 minutes for a Rules Committee Meeting. Agreed. At the appointed hour, the Speaker resumed the Chair and called the House to order.

Report of Committee

Representative Morgan moved that the rules be suspended for a Committee Report. Agreed.

Committee on Rules reported **HB 8** and **HR 5** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

HB 8: AN ACT relating to revenue and taxation.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. Section 138.560 of the Kentucky Revised Statutes is amended to read as follows:

As used in KRS 138.560 to 138.640 and in subsections (19) (20) and (21) of 138.990, unless the context requires otherwise:

(1) "Department" means the Department of Revenue.

(2) "Person" includes every natural person, fiduciary, association, state or political subdivision, or corporation. Whenever used in any clause prescribing and imposing imprisonment the term "person" as applied to an association means and includes the partners or members thereof, and as applied to corporations, the officers thereof.

(3) "Special fuel" means and includes all combustible gases and

liquids used for the generation of power in an internal combustion engine to propel vehicles of any kind upon the public highways, except that it does not include gasoline as defined in KRS 138.210.

(4) "Motor vehicle" means any vehicle, machine or mechanical contrivance propelled by an internal combustion engine and licensed for operation and operated upon the public highways and any trailer or semi-trailer attached to or having its front end supported by such motor vehicle.

(5) "Public highway" means every way or place generally open to the use of the public as a matter of right for the purpose of vehicular travel, notwithstanding that it may be temporarily closed or travel thereon restricted for the purpose of construction, maintenance, repair or reconstruction.

(6) "Use" means the delivery or placing of special fuel into the fuel supply tank or tanks of a motor vehicle within this state. With respect to an interstate user as hereinafter defined the term "use" means the consumption of special fuel in propelling motor vehicles on the public highways of this state as computed under KRS 138.595.

(7) "Special fuel dealer" means any person who receives special fuel as defined in this section into storage tanks from which withdrawals are made and placed into fuel supply tanks of a motor vehicle for use on the public highways of this state.

(8) "Dealer" means special fuel dealer as defined above.

(9) "Special fuel user" means any person, other than a special fuel dealer or interstate special fuel user who uses special fuels within the meaning of the word "use" as defined in this section.

(10) "User" means special fuel use as defined above.

(11) "Interstate special fuel user" means common and contract carriers of persons or property by motor vehicles operated upon the public highways of both this state and other states and any other motor vehicular carriers of property operated upon the public highways of other states and upon the highways of this state.

(12) "Interstate user" means interstate special fuel user as defined above.

(13) "Heavy equipment special fuel user" means any person who operates on the public highways of this state, a motor vehicle, including a trailer or semi-trailer, having more than three axles none of which are closer together than 42 inches.

(14) A "licensee" for purposes of this Act is any person who has been granted a license as a special fuel dealer, special fuel user, interstate special fuel user or heavy equipment special fuel user.

(15) "Quarterly" for purposes of this Act means a three-month period ending June 30 in the year 1956 and each succeeding three-month period thereafter.

Section 2. Section 138.565 of the Kentucky Revised Statutes is amended to read as follows:

(1) An excise tax of seven cents per gallon shall be paid on the use (as defined in KRS 138.560 (6) of special fuel.

(2) In addition to the tax imposed by subsection (1), a heavy equipment special fuel user shall pay a surtax of two cents per gallon on the use of special fuel on the public highways of this state.

(3) The taxes imposed by subsections (1) and (2) shall be reported, computed and paid as provided by KRS 138.590 and 138.595.

(4) Two-sevenths of all amounts received by reason of the tax paid under subsection (1) of this section shall be set aside by the Department of Highways for the construction, reconstruction and maintenance of rural and secondary roads and for no other purpose.

Section 3. Section 138.570 of the Kentucky Revised Statutes is amended to read as follows:

(1) A license shall be required of each special fuel dealer, special fuel user, interstate special fuel user, and heavy equipment special fuel user.

(2) Application for a license shall be made to the department upon forms prepared and furnished by the department. The application shall contain such information as the department deems necessary.

(3) Concurrently with the filing of an application for a license, the special fuel dealer, special fuel user, interstate special fuel user or heavy equipment special fuel user shall file with the department a bond as required under KRS 138.575. No license shall be issued to any person unless such person has furnished a bond as provided in KRS 138.575 to secure payment of taxes, penalties, and interest imposed by this Act.

(4) The application in proper form having been accepted for filing, the bond having been accepted and approved and the other conditions and requirements of this section having been complied with, the department shall issue a license. However, if an application for a license is filed by any person whose license has at any time previously been revoked for cause by the department, or if the department is of the opinion that the person who makes the application as a subterfuge for the real party in interest whose license, prior to the time of filing the application, has been revoked for cause, or that the application is not for any other reason filed in good faith or is not for sufficient cause, the department may, after a hearing of which the applicant shall be given ten days' notice in writing and in which he shall have the right to appear in person or by counsel and present testimony, refuse to issue a license to that person.

(5) All licenses shall be valid and remain in full force and effect until suspended or revoked for cause or otherwise cancelled.

(6) A license shall not be assignable or transferable and shall be valid only for the person in whose name it is issued.

(7) The department shall keep and file all applications and bonds, with an alphabetical index thereof.

Section 4. Section 138.575 of the Kentucky Revised Statutes is amended to read as follows:

(1) Every special fuel dealer, special fuel user, interstate special fuel user, and heavy equipment special fuel user shall file with the department a corporate bond, cash bond or securities approved by the department in a minimum amount of five hundred dollars and in a maximum amount of four months' liability for taxes imposed under this Act but not to exceed fifty thousand dollars. The applicant for a license shall be the principal obligor and this state shall be the obligee. The bond shall be conditioned upon the prompt filing of true reports and the payment by the licensee to the department of all taxes levied under this Act, together with all penalties and interest thereon, and generally upon faithful compliance with the provisions of KRS 138.560 to 138.640.

(2) If the liability upon the bond is discharged or reduced, whether by judgment rendered, payment made, or otherwise, or if in the opinion of the department any surety has become unsatisfactory or unacceptable, the department may require the licensee to file a new bond with satisfactory surety in the same form and amount, failing which the department shall forthwith cancel the license. If a new bond is furnished by the licensee as above provided, the department shall cancel the bond for which the new bond is substituted.

(3) If upon hearing, of which the licensee shall be given ten days' notice in writing, the department decides that the amount of the existing bond is insufficient to insure payment to this state of the amount of the tax, penalties and interest for which the licensee is or may become liable, the licensee shall forthwith, upon the written demand of the department, file an additional bond in the same manner and form with surety thereon approved by the department, in any amount determined by the department to be necessary, failing which the department shall forthwith cancel the license.

(4) Any surety on a bond furnished by a licensee shall be released from all liability to this state accruing on such bond after the expiration of sixty days from the date upon which the surety has lodged with the department a written request to be released, but this request shall not operate to release the surety from any liability already accrued or which shall accrue before the expiration of the sixty-day period. The department shall promptly on receipt of the request, notify the licensee who furnished the bond, and unless the licensee shall, before the expiration of the sixty-day period, file with the department a new bond with surety satisfactory to the department in the amount and form hereinbefore provided, the department shall forthwith cancel the license. If the new bond is furnished by the licensee as above provided, the department shall cancel the bond for which the new bond is substituted.

Section 5. Section 138.580 of the Kentucky Revised Statutes is amended to read as follows:

(1) If a licensee at any time files a false quarterly report of the information required, or fails or refuses to file the quarterly report or to pay the full amount of the tax or violates any other provision of KRS 138.560 to 138.640, inclusive, without a showing that such failure was due to reasonable cause, the department may cancel the license and suspend the privilege of acting as a special fuel dealer, special fuel user, interstate special fuel user or heavy equipment special fuel user.

(2) Upon voluntary surrender of the license certificate or upon receipt of a written request by a licensee, the department may cancel his license, effective sixty days from the date of request, but no such license shall be cancelled upon surrender or request unless the licensee has, prior to the date of cancellation, paid to this state all taxes, penalties, interest and fines that are due or have accrued, and unless the licensee has surrendered to the department his license certificate.

(3) If upon investigation the department ascertains that any person to whom a license has been issued is no longer engaged as a special fuel dealer, special fuel user, interstate special fuel user or heavy equipment special fuel user and has not been so engaged for a period of six months, the department may cancel such license by giving the person sixty days' notice of cancellation, mailed to his last known address, in which event the license certificate shall be surrendered to the department.

(4) Whenever a licensee ceases to engage in business within this state, he shall notify the department in writing within fifteen days after discontinuance. All taxes that have accrued under KRS 138.560 to 138.640, inclusive, whether or not then due, shall become due and payable concurrently with such discontinuance. The licensee shall make a report and pay all such taxes and any interest and penalties thereon, and shall surrender to the department his license certificate.

(5) If the license is cancelled by the department as provided in this section, and if the licensee has paid to this state all taxes, interest and penalties due under KRS 138.560 to 138.640 and 138.990 (19) and (21), the department shall cancel the bond filed by the licensee.

Section 6. Section 138.585 of the Kentucky Revised Statutes is amended to read as follows:

Every licensee shall maintain complete records of all motor vehicle equipment used, by type, weight and number of axles, mileage records, inventories, purchases, sales, uses and other dispositions of special fuel. Such records, together with manifests of lading, invoices, correspondence and other papers pertaining to special fuel shall be retained for a minimum period of two years and, if requested by the department, shall be made available for examination by the department.

Section 7. Section 138.590 of the Kentucky Revised Statutes is amended to read as follows:

(1) Every licensee shall file with the department, on forms prescribed by the department, a quarterly tax return. The return shall be made under penalty of perjury and shall show such information as the department may require. The licensee shall file the return on or before the last day of the next succeeding calendar month following the quarterly period to which it relates.

(2) It shall be prima facie proof that all fuel received by a licensee into storage tanks and dispensing equipment from which special fuel is to be delivered to the fuel supply tank of a motor vehicle operated on the public highways of this state is taxable as set out in KRS 138.560 to 138.640.

(3) The quarterly tax return shall be accompanied by remittance covering the tax due.

Section 8. Section 138.595 of the Kentucky Revised Statutes is amended to read as follows:

(1) The taxes imposed by KRS 138.565, except as otherwise provided under subsection (2) of this section, shall be computed by multiplying the number of gallons of special fuel used by the tax rate.

(2) Interstate special fuel users or heavy equipment special fuel users if operating interstate shall pay tax on that proportion of total special fuel used in motor vehicles operated on the public highways of this state as the number of miles operated by these vehicles in this state bears to the total number of miles operated.

Section 9. Section 138.600 of the Kentucky Revised Statutes is amended to read as follows:

(1) If special fuel on which the tax under this Act has been paid, pursuant to the provisions of subsection (1) of KRS 138.595 has been used by a licensee in motor vehicles operated on the public highways of both this state and other states, the licensee shall be credited to the extent of the tax due under this section for the full amount of taxes paid on special fuel purchased in Kentucky but consumed in another state.

(2) The department shall at the close of each quarterly period, ending September 30, December 31, March 31, and June 30, compute all credits granted by the department during such quarter, which credits shall be applied only to taxes due on any report filed within the succeeding quarter, except that no credit shall operate to reduce the amount of surtax due under this Act.

(3) The right to receive any credit under this section shall not be assignable, except to the executor or administrator, or to the receiver, trustee in bankruptcy, or assignee in insolvency proceedings of such persons entitled thereto.

Section 10. Section 138.615 of the Kentucky Revised Statutes is amended to read as follows:

(1) The department may audit the books and records of each licensee who has at any time since the last audit was made applied

for a credit thereunder and make such other investigations as it deems necessary to determine whether the credits applied for constitute proper claims.

(2) If special fuel taxes are erroneously credited, the department shall advise the licensee of the erroneous credit. If the licensee fails to reimburse the Commonwealth within fifteen days after the receipt of notice, an action may be instituted by the department in the Franklin Circuit Court and the department shall recover from the licensee the amount of the erroneous credit plus a penalty of twenty percent.

Section 11. Section 138.620 of the Kentucky Revised Statutes is amended to read as follows:

The reports required by KRS 138.590 shall be accompanied by a certified or cashier's check, payable to the State Treasurer, for the amount of tax due for the preceding calendar quarter computed as provided in KRS 138.595; except that the department may waive this requirement and accept the check of the licensee if he is of sound financial condition and has established a good record of compliance with the requirements of KRS 138.560 to 138.640, inclusive.

Section 12. Section 138.625 of the Kentucky Revised Statutes is amended to read as follows:

(1) If any licensee neglects or refuses to make the return or pay the tax at the time provided in KRS 138.590, a penalty of twenty percent of the tax and interest at six percent per annum from the date when due shall be paid on both the tax and the penalty.

(2) If any licensee subject to the penalty provided in subsection (1) of this section submits in writing to the department his reasons for failure to comply with KRS 138.560 to 138.640, and if the department finds the reasons sufficient evidence or justifiable cause for modifying the penalty provided in subsection (1) of this section, it may modify the penalty exacted therein to five percent of the amount of the tax due and delinquent, provided the five percent penalty may be reduced to a one percent penalty if the violation is the first violation by the taxpayer within the twelve months.

(3) If the penalties provided by this section are collected by proceedings in court an additional penalty of twenty percent shall be collected and distributed as authorized by KRS 134.400 and 135.060.

(4) Whenever any licensee neglects or refuses to make and file any report for any quarter as required by KRS 138.590, or files an incorrect or fraudulent report, the department shall determine, after an investigation, the amount of the liability which the licensee has incurred under this Act for any particular quarter, and assess and collect the amount of tax and penalties due.

(5) Any licensee who fails to make any report required under the provisions of KRS 138.560 to 138.640 within the time allowed may be required to pay a penalty of $50 to be assessed and collected in

the manner provided for the assessment and collection of taxes, or may be proceeded against in a civil action instigated by the department. In addition, such licensee may be compelled to make the required return.

(6) In any action for the collection of the taxes due under this Act and any penalties or interest imposed in connection therewith, an assessment by the department of the amount of the tax due and the interest or penalties due to the state shall constitute prima facie evidence of the claim of the state, and the burden of proof shall be on the licensee to show the assessment was incorrect and contrary to law.

Section 13. Section 138.630 of the Kentucky Revised Statutes is amended to read as follows:

It is unlawful for any person to:

(1) Fail to pay the taxes due under this Act;

(2) Fail, neglect, or refuse to make and file any statement required under KRS 138.560 to 138.640, inclusive, in the manner or within the time required;

(3) Make any false statement or conceal any material fact in any record, report, or affidavit provided for under KRS 138.560 to 138.640, inclusive;

(4) Conduct any activities requiring a license under KRS 138.560 to 138.640, inclusive, without a license or permit or after a license or permit has been surrendered, cancelled or revoked;

(5) Assign or attempt to assign a license to act as a special fuel dealer, a special fuel user, an interstate special fuel user, or heavy equipment special fuel user.

(6) Violate any other provisions of KRS 138.560 to 138.640, inclusive.

Section 14. Section 138.640 of the Kentucky Revised Statutes is amended to read as follows:

(1) The department shall administer the taxes provided under KRS 138.560 to 138.640, inclusive, and may prescribe, adopt, and enforce regulations relating to the administration and enforcement thereof.

(2) The department shall, upon the request of the officials to whom are entrusted the enforcement of the special fuel tax law of any other state, the United States, the provinces or the Dominion of Canada, forward to such officials any information which it may have relative to the manufacture, receipt, sale, use, transportation, shipment or delivery by any person of special fuel, provided such other state or states provides for the furnishing of like information to this state.

Section 15. Section 138.655 of the Kentucky Revised Statutes is amended to read as follows:

(1) "Department" means Department of Revenue.

(2) "Certificate" means the certificate of public convenience and necessity as defined in KRS 281.010 (3).

(3) "Person" includes every natural person, fiduciary, association, state or political subdivision, or corporation. Whenever used in any clause describing and imposing imprisonment the term "person" as applied to an association means and includes the partners or members thereof, and as applied to a corporation the officers thereof.

(4) "Public Highway" means every way or place generally open to the use of the public as a matter of right for the purpose of vehicular travel notwithstanding that it may be temporarily closed or travel thereon restricted for the purpose of construction, maintenance, repair or reconstruction.

(5) "Motor Carrier" means every person who operates or causes to be operated on any highway in this state any motor vehicle, trailer, or semi-trailer, of a gross weight of not less than 18,001 pounds, engaged in the transportation of persons or property in either private or for-hire carriage in interstate commerce in this state, or who purchases fuel without this state for consumption in this state in intrastate commerce. The term "motor carrier" shall include every common and contract carrier possessing authority as such from the Interstate Commerce Commission together with those engaged in transporting in interstate commerce in this state commodities not regulated by the Interstate Commerce Commission. The term "motor carrier" shall not mean or shall not include any person operating or causing to be operated a city bus except city buses operated across the border of the State of Kentucky.

(6) "Heavy Equipment Motor Carrier" means any person who operates on the public highways of this state a motor vehicle, including a trailer or semi-trailer, having more than three axles none of which are closer together than 42 inches.

(7) A "licensee" for purposes of KRS 138.655 through 138.725 is any person who has been granted a license as a motor carrier or a heavy equipment motor carrier.

(8) "City Bus" means any motor vehicle used for the transportation of persons for hire exclusively within the limits of any city or within ten miles of its limits over a regular route and exclusively within the boundaries of this state.

(9) "Use" means the consumption of gasoline in propelling motor vehicles on the public highways.

(10) "Gasoline" means gasoline as defined in KRS 138.210 (4).

(11) "Quarterly" for the purposes of this act means a three-month period ending June 30 in the year 1956 and each succeeding three-month period thereafter.

Section 16. Section 138.660 of the Kentucky Revised Statutes is amended to read as follows:

(1) Every motor carrier shall pay a tax of 7 cents per gallon on the amount of gasoline used in operations on the public highways of this state.

(2) In addition to the tax imposed in subsection (1), if the motor carrier is a heavy equipment motor carrier as defined in Section 15 of this Act, he shall pay a surtax of 2 cents per gallon on the amount of gasoline used in operations on the public highways of this state.

(3) The tax levied under subsections (1) and (2) of this section shall be computed and paid as provided in KRS 138.690.

(4) Two-sevenths of all amounts received by reason of the tax imposed by subsection (1) shall be set aside by the Department of Highways for construction, reconstruction, and maintenance of the rural and secondary highways of this state and for no other purpose.

Section 17. Section 138.665 of the Kentucky Revised Statutes is amended to read as follows:

(1) A license shall be required of each motor carrier or heavy equipment motor carrier before he uses or continues to use gasoline on the public highways of this state.

(2) Application for a license shall be made to the Department of Revenue on forms prepared and furnished by the department. The application shall contain such information as the department deems necessary.

(3) Concurrently with the filing of an application for a license, the motor carrier or heavy equipment motor carrier shall file with the department a bond as required under KRS 138.670. No license shall be issued to any person unless such person has furnished a bond as provided in KRS 138.670 to secure payment of taxes, penalties and interest imposed by this Act.

(4) The application in proper form having been accepted for filing, the bond having been accepted and approved and the other conditions and requirements of this section having been complied with, the department shall issue a license. However, if an application for a license is filed by any person whose license has at any time previously been revoked for cause by the department, or if the department is of the opinion that the person who makes the application as a subterfuge for the real party in interest whose license, prior to the time of filing the application, has been revoked for cause, or that the application is not for any other reason filed in good faith or is not for sufficient cause, the department may, after a hearing of which the applicant shall be given ten days' notice in writing and in which he shall have the right to appear in person or by counsel and present testimony, refuse to issue a license to that person.

(5) All licenses shall be valid and remain in full force and effect until suspended or revoked for cause or otherwise cancelled.

(6) A license shall not be assignable or transferable and shall be valid only for the person in whose name it is issued.

(7) The department shall keep and file all applications and bonds, with an alphabetical index thereof.

(8) Each holder of such license shall display such license number or other identification in the manner prescribed by the department.

Section 18. Section 138.670 of the Kentucky Revised Statutes is amended to read as follows:

(1) Every motor carrier and heavy equipment motor carrier shall file with the department a corporate bond, cash bond or securities approved by the department in the minimum amount of five hundred dollars and in a maximum amount of four months' liability for taxes imposed under this Act but not to exceed fifty thousand dollars. The applicant for a license shall be the principal obligor and this state shall be the obligee. The bond shall be conditioned upon the prompt filing of true reports and the payment by the licensee to the department of all taxes levied under this Act, together with all penalties and interest thereon and generally upon faithful compliance with the provisions of KRS 138.655 to 138.725.

(2) If the liability upon the bond is discharged or reduced, whether by judgment rendered, payment made, or otherwise, or if in the opinion of the department any surety has become unsatisfactory or unacceptable, the department may require the licensee to file a new bond with satisfactory surety in the same form and amount, failing which the department shall forthwith cancel the license. If a new bond is furnished by the licensee as above provided, the department shall cancel the bond for which the new bond is substituted.

(3) If, upon hearing of which the licensee shall be given ten days' notice in writing, the department decides that the amount of the existing bond is insufficient to insure payment to this state of the amount of the tax, penalties and interest for which the licensee is or may become liable, the licensee shall forthwith, upon written demand of the department, file an additional bond in the same manner and form with surety thereon approved by the department, in any amount determined by the department to be necessary, failing which the department shall forthwith cancel the license.

(4) Any surety on a bond furnished by a licensee shall be released from all liability to this state accruing on such bond after the expiration of sixty days from the date upon which the surety has lodged with the department, a written request to be released, but this request shall not operate to release the surety from any liabilty already accrued or which shall accrue before the expiration of the sixty-day period. The department shall promptly, on receipt of the request, notify the licensee who furnished the bond, and unless the licensee shall, before the expiration of the sixty-day period, file with the department a new bond with surety satisfactory to the department in the amount and form hereinbefore provided, the department shall forthwith cancel the license. If the new bond is furnished by the licensee as above provided, the department shall cancel the bond for which the new bond is substituted.

Section 19. Section 138.675 of the Kentucky Revised Statutes is amended to read as follows:

(1) If a licensee at any time files a false quarterly report of the

information required or fails or refuses to file the quarterly report or to pay the full amount of the tax or violates any other provisions of KRS 138.655 to 138.725, inclusive, without a showing that such failure was due to reasonable cause, the department may cancel his license.

(2) Upon voluntary surrender of the license certificate or upon receipt of a written request by a licensee, the department may cancel his license, effective sixty days from the date of the request, but no such license shall be cancelled upon surrender or request unless the licensee has, prior to the date of cancellation, paid to this state all taxes, penalties, interest, and fines that are due or have accrued, and unless the licensee has surrendered to the department his license certificate.

(3) If upon investigation the department ascertains that any motor carrier or heavy equipment motor carrier to whom a license has been issued is no longer engaged as such and has not been so engaged for a period of six months, the department may cancel such license by giving the motor carrier or heavy equipment motor carrier sixty days' notice of cancellation mailed to his last known address in which event the license certificate shall be surrendered to the department.

(4) Whenever a licensee ceases to engage in business within this state, he shall notify the department in writing within fifteen days after discontinuance. All taxes that have accrued under KRS 138.655 to 138.725, inclusive, whether or not then due, shall become due and payable concurrently with such discontinuance. The licensee shall make a report and pay all such taxes and any interest and penalties thereon, and shall surrender to the department his license certificate.

(5) If the license of a motor carrier or heavy equipment motor carrier is cancelled by the department as provided in this section and if the licensee has paid to this state all of the taxes, interest, and penalties due under KRS 138.655 to 138.725 and 138.990 (20) and (21), the department shall cancel the bond filed by the licensee.

Section 20. Section 138.680 of the Kentucky Revised Statutes is amended to read as follows:

Every licensee shall maintain complete records on all motor vehicles, by type, operating on Kentucky highways, weight and number of axles, mileage records, and records on all purchases, uses, and other dispositions of gasoline. Such records, together with manifest of lading, invoices and other papers pertaining to gasoline consumption, shall be retained for a minimum period of two years; and if requested by the department shall be made available for examination by the department.

Section 21. Section 138.685 of the Kentucky Revised Statutes is amended to read as follows:

(1) Every licensee shall file with the department, on forms prescribed by the department, a quarterly tax return. The return shall be

made under penalty of perjury and shall show such information as the department may require. The licensee shall file the return on or before the last day of the next succeeding calendar month following the quarterly period to which it relates.

(2) The quarterly tax return shall be accompanied by a remittance covering the tax due.

Section 22. Section 138.690 of the Kentucky Revised Statutes is amended to read as follows:

The tax imposed by subsection (1) and (2) of KRS 138.660 shall be determined as follows: The total number of gallons of gasoline used during the taxable period in the licensee's operations on the public highways shall be multiplied by the proportion that its miles operated in Kentucky during such period bears to its total miles operated both within and without Kentucky during such period. The resulting figure shall be deemed the number of gallons of gasoline used during such period in Kentucky. This number of gallons shall be multiplied by the tax rates.

Section 23. Section 138.695 of the Kentucky Revised Statutes is amended to read as follows:

(1) Every licensee subject to the tax imposed by subsection (1) and (2) of KRS 138.660 shall be entitled to a credit for each period equivalent to seven cents per gallon on gasoline purchased by such carrier during such period for use in its operations on public highways within and without this state, provided such gasoline was purchased in Kentucky during the same period and the tax imposed by KRS 138.220 has been paid. Evidence of the payment of such tax in such form as may be required by or satisfactory to the department shall be furnished by each such licensee claiming the credit herein allowed.

(2) The department shall at the close of each quarterly period, ending September 30, December 31, March 31, and June 30, compute all credits granted by the department during such quarter, which credits shall be applied only to taxes due on any report filed within the succeeding quarter, except that no credit shall operate to reduce the amount of surtax due under this Act.

Section 24. Section 138.705 of the Kentucky Revised Statutes is amended to read as follows:

(1) The department may audit the books and records of each licensee who has at any time since the last audit was made applied for a credit thereunder and make such other investigations as it deems necessary to determine whether the credits applied for constitute proper claims.

(2) If gasoline taxes are erroneously credited, the department shall advise the licensee of the erroneous credit. If the licensee fails to reimburse the Commonwealth within fifteen days after the receipt of notice, an action may be instituted by the department in the Frank-

lin Circuit Court and the department shall recover from the licensee the amount of the erroneous credit plus a penalty of twenty percent.

Section 25. Section 138.710 of the Kentucky Revised Statutes is amended to read as follows:

The reports required by KRS 138.685 shall be accompanied by a certified or cashier's check payable to the State Treasurer for the amount of tax due for the preceding calendar quarter computed as provided in KRS 138.690, except that the department may waive this requirement and accept the check of the licensee if he is of sound financial condition and has established a good record of compliance with the requirements of KRS 138.655 to 138.725, inclusive.

Section 26. Section 138.715 of the Kentucky Revised Statutes is amended to read as follows:

(1) If any licensee neglects or refuses to make the return or pay the tax at the time provided in KRS 138.685, a penalty of 20 percent of the tax and interest at 6 percent per annum from the date when due shall be paid on both the tax and the penalty.

(2) If any licensee subject to the penalty provided in subsection (1) of this section submits to the department in writing the reasons for failure to comply with KRS 138.655 to 138.725 and if the department finds the reasons sufficient evidence or justifiable cause for modifying the penalty provided in subsection (1) of this section, it may modify the penalty enacted therein to 5 percent of the amount of the tax due and delinquent, provided the 5 percent penalty may be reduced to one percent penalty if the violation is the first violation by the taxpayer within the twelve months.

(3) If the penalties provided by this section are collected by proceedings in court, an additional penalty of 20 percent shall be collected and distributed as is authorized by KRS 134.400 and 135.060. Whenever any licensee neglects or refuses to make and file any report for any calendar quarter as required by KRS 138.685, or files an incorrect or fraudulent report, the department shall determine after an investigation the amount of the liability which the licensee has incurred under this Act for any particular quarter and assess and collect the amount of tax and penalties due.

(4) Any licensee who fails to make any report required under the provisions of KRS 138.655 to 138.725 within the time allowed may be required to pay a penalty of $50 to be assessed and collected in the manner provided for the assessment and collection of taxes, or may be proceeded against in a civil action instigated by the department. In addition, such licensee may be compelled to make the required return.

(5) In any action for the collection of taxes due under this Act and any penalties or interest imposed in connection therewith, an assessment by the department of the amount of tax due and the interest or penalties due to the state shall constitute prima facie

evidence of the claim of the state and the burden of proof shall be on the licensee to show that the assessment was incorrect or contrary to law.

Section 27. Section 138.725 of the Kentucky Revised Statutes is amended to read as follows:

(1) The Department of Revenue shall administer the provisions of KRS 138.655 to 138.725 and 138.990 (20) and (21), and may prescribe, adopt and enforce regulations relating to the administration and enforcement thereof.

(2) The Department of Revenue shall, upon the request of the officials to whom are entrusted the enforcement of the gasoline tax law of any other state, the United States, or the provinces of the Dominion of Canada, forward to such officials any information which it shall have relative to the receipt, sale, use, transportation, shipment, or delivery by any person of gasoline, provided such state or states make provision in its law for the furnishing of like information to this state.

Section 28. Section 138.990 of the Kentucky Revised Statutes is amended to read as follows:

(1) Any person who violates any of the provisions of KRS 138.020 to 138.070 shall be fined not more than five hundred dollars for each offense, and his license, if one is required, may be revoked at the discretion of the court.

(2) Any person who violates any of the provisions of KRS 138.080 shall be guilty of a felony and shall be fined not more than one thousand dollars or imprisoned for not more than five years, or both.

(3) Any person who violates any of the provisions of KRS 138.100 or 138.110 shall be fined not less than fifty dollars nor more than five hundred dollars.

(4) Any person who violates any provision of KRS 138.140 to 138.200 for which a specific penalty is not provided, or who violates any reasonable rule or regulation promulgated by the department under KRS 138.140 to 138.200, shall be fined not less than twenty-five dollars nor more than five hundred dollars for the first offense; for each subsequent offense he shall be fined not less than fifty dollars nor more than one thousand dollars and, if the offender is an individual, may be confined in the county jail for not more than six months, or both so fined and imprisoned. These fines shall be in addition to the civil penalties provided by KRS 138.170.

(5) Any person who violates any of the provisions of KRS 138.180 shall be guilty of a misdemeanor and shall be fined not less than one hundred dollars nor more than one thousand dollars, or imprisoned for not less than one nor more than five years, or both.

(6) Any person who violates any of the provisions of KRS 138.200 shall be fined not more than one thousand dollars, and if the offender is an individual he may be confined in the county jail for not more

than six months, or both so fined and imprisoned. These fines shall be in addition to the civil penalties provided by KRS 138.170.

(7) Any person who fails to remit gasoline tax money to the state as provided in KRS 138.280 is guilty of embezzlement of state funds, and shall be fined not more than one thousand dollars or imprisoned in the county jail for not more than six months, or both. Upon conviction of a second offense he shall be imprisoned for not less than one year nor more than five years in the state penitentiary.

(8) Any person who violates any of the provisions of KRS 138.300 shall be fined not less than twenty-five dollars nor more than one thousand dollars, or imprisoned in the county jail for not more than six months, or both. This penalty shall be in addition to the penalty provided in subsection (7) of this section.

(9) Any person who violates KRS 138.310 shall be fined not less than one hundred dollars nor more than one thousand dollars, or imprisoned in the county jail for not less than thirty days nor more than one year, or both. Each day or part of day of doing business as a dealer without an uncancelled license shall be a separate offense.

(10) Any person who willfully violates any of the provisions of KRS 138.370 shall be fined not less than one dollar nor more than one thousand dollars, or imprisoned in the county jail for not more than one year, or both.

(11) Any person who violates any of the provisions of KRS 138.410 shall be fined not less than twenty-five dollars nor more than one thousand dollars, or imprisoned in the county jail for not more than six months, or both.

(12) Any person who violates any of the provisions of subsection (4) of KRS 138.440 shall be fined not less than fifty dollars nor more than three hundred dollars, or imprisoned in the county jail for not more than one year, or both.

(13) Any person who violates any of the provisions of KRS 138.460 or 138.470 shall be fined not less than twenty-five dollars nor more than one thousand dollars. If the offender, is an individual, he may be imprisoned in the county jail for not more than six months, or both so fined and imprisoned.

(14) Any person who violates any of the provisions of KRS 138.480 or 138.490 shall be fined not more than one thousand dollars or imprisoned in the county jail for not more than thirty days, or both.

(15) If any offender under the provisions of subsection (2), (7), (8), (9), (11) or (14) of this section is a corporation, the principal officer or the officer directly responsible for the violation, or both, may be imprisoned as provided in those subsections.

(16) Any person who violates any provision of subsection (1) of KRS 138.354, whether or not his permit has been revoked by the commission, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not less than one hundred dollars nor more

than five hundred dollars, or imprisoned not exceeding one year, or both, in the discretion of the court.

(17) Any person, other than the holder of a refund permit, who shall knowingly violate any provisions of KRS 138.343 to 138.357, shall be guilty of a misdemeanor and upon conviction thereof shall be fined not less than one hundred dollars nor more than five hundred dollars, or imprisoned not exceeding one year, or both, in the discretion of the court.

(18) Any person who makes a false or fraudulent statement in an application made pursuant to KRS 138.342 for a refund of taxes provided by KRS 138.341 or who fraudulently obtains such a refund or who knowingly aids or assists in making such a false or fraudulent statement or claim for refund, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not less than one hundred dollars nor more than five hundred dollars, or imprisoned not exceeding one year, or both, in the discretion of the court.

(19) Any person violating any provision of KRS 138.630 is guilty of a misdemeanor, unless the act is by any other law of this state declared to be a felony, and upon conviction is punishable by a fine of not less than $19 nor more than $500, or by imprisonment in the county jail for not less than thirty days nor more than six months, or by both such fine and imprisonment. The fine and imprisonment provided for in this subsection shall be in addition to any other penalty imposed by any other provision of KRS 138.560 to 138.640.

(20) Any person violating any provision of KRS 138.655 to KRS 138.725 is guilty of a misdemeanor and upon conviction is punishable by a fine of not less than $19 nor more than $500 or by imprisonment in the county jail for not less than thirty days nor more than six months or by both such fine and imprisonment.

(21) Any person found operating any motor vehicle in this state requiring a license under the provisions of KRS 138.560 through 138.640 or 138.655 through 138.725 without such license or after such license has been surrendered, cancelled, or revoked may, in addition to the penalties provided in subsections (19) and (20) of this section have such motor vehicle seized by any officer duly authorized to enforce the provisions of this Act.

(22) The fine and imprisonment provided for in subsection (20) of this section shall be in addition to any other penalty imposed by any other provisions of KRS 138.640 to KRS 138.725.

Section 29. Sections 138.605, 138.610, 138.650 and 138.700 of the Kentucky Revised Statutes and Section 1, subsection (9), of House Bill 479 passed by the 1956 Regular Session of the Kentucky General Assembly are hereby repealed.

Section 30. Whereas, it is to the best interest of the people of the Commonwealth of Kentucky that the provisions of this Act take effect at the earliest possible date, an emergency is declared to exist

and this Act shall become effective immediately upon its passage and approval by the Governor.

HR 5: A JOINT RESOLUTION providing for study by the Department of Highways regarding the establishing of a highway atop the proposed Markland Dam and possible source of revenue to assist in financing same.

WHEREAS, travel by the populace of the north central section of the Commonwealth of Kentucky, across the Ohio River, is restricted or made inconvenient by the fact that there are a limited number of bridges most of which are concentrated in a small area; and

WHEREAS, it appears desirable that additional means of access to our sister states north of the Ohio River be provided; and

WHEREAS, the approximate cost of a highway bridge across the Ohio River would range between eight and ten million dollars; and

WHEREAS, the expenditure of approximately two hundred thousand dollars for additional supports to the proposed dam would result in a savings to the Commonwealth of approximately eighty percent; and

WHEREAS, it would appear that the need for such bridge will become even greater in the near future.

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

That the Department of Highways immediately make a study to determine the practicability, feasibility, utility and possibility of constructing a highway across the proposed Markland Dam and make a report of its findings to the General Assembly. That a further investigation be made into the possibility of obtaining federal funds to assist in paying the cost of such a project. That said report of the findings of the Highway Department be submitted at the earliest possible date.

Representative Melton moved that the rules be suspended for introduction of a resolution. Agreed.

Introduction of Resolution

HR 6, by Representative Melton: A RESOLUTION requesting that the Kentucky High School Athletic Association in cooperation with its member schools make available tickets for the 1956 Kentucky State Basketball Tournament to members of the General Assembly of the Commonwealth of Kentucky.

WHEREAS, it appears that the supply of tickets for the 1956 Kentucky State Basketball Tournament, available for purchase by the general public, has been exhausted; and

WHEREAS, the press of duties in connection with the regular and extraordinary sessions of the 1956 General Assembly has prevented many if not all the members thereof from being able to secure tickets to said tournament; and

WHEREAS, the welfare of the athletic program of the public schools of the Commonwealth of Kentucky is of primary interest to members of the General Assembly,

NOW, THEREFORE,

Be it resolved by the House of Representatives of the Commonwealth of Kentucky:

Section 1. That the Kentucky High School Athletic Association, in cooperation with its member schools, make available to the members of the General Assembly tickets for the 1956 Kentucky State High School Basketball Tournament.

Section 2. That the clerk of the House of Representatives cause copies of this resolution to be mailed to the commissioner of the Kentucky High School Athletic Association and to each of the county school superintendents in the Commonwealth of Kentucky.

Representative Melton moved adoption of **HR 6.** Adopted.

Representative Harris moved that the House adjourn until 11:00 A.M., March 15th. Agreed.

THURSDAY, MARCH 15, 1956

SIXTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend John C. Chenault of the First Christian Church, Frankfort.

The roll was called. All present except Buchanan, Cornett, Day, Embry, Everett, Flanery, Freeman, Heyburn, Durham Howard, Kubale, Moore, Murphy, Nunnelley, Qualls, John B. Reed, Stith, Weintraub, and Lynn Wells, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for March 14, 1956, dispensed with and the same approved on motion of Representative Isler.

Calendar

HB 8 and **HR 5** taken from the Calendar and read at length for the second time. Ordered placed in Orders of the Day.

Orders of the Day

HR 3 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 76—Anderson, Barnum, Bates, Baumgardner, Beshear, Billington, Blankenship, Blue, Breckinridge, Bridgers, Burnley, Bush, Carter, Casey, Caudill, Conrad, Cottengim, Davis, Dunsil, Farmer, Flanery, Gay, Greene, Griffin, Grigsby, Grundy, Gullette, Hadden, Hahn, Harris, Hawkins, Heskamp, Highland, Hill, Hilton, Hinkle, Holsclaw, C. S. Howard, Isler, Johnson, Kubale, Lowman, Mackey, Martin, McCallum, McFadden, McKinney, Melton, Miller, Morgan, Mullins, Newsom, Ockerman, Parrish, Peace, Pollitte, Ratcliffe, Ray, Rayburn, V. Reed, H. V. Reid, R. Reid, Sr., Reynolds, Searcy, Sloan, Tanner, Thomas, Thompson, Tinsley, Walsh, Wathen, A. W. Wells, Williamson, Wilson, Wirsch, Young. Nays 2—Hislope, Lambert.

HR 3 was passed and the title agreed to.

Representative Morgan moved that the vote by which said resolution was passed be reconsidered and said motion be laid on the table. Agreed.

HB 4 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 79 — Anderson, Barnum, Bates, Baumgardner, Beshear, Billington, Blankenship, Blue, Breathitt, Breckinridge, Bridgers, Burnley, Bush, Carter, Casey, Caudill, Conrad, Cottengim, Davidson, Davis, Dunsil, Farmer, Flanery, Gay, Greene,

Griffin, Grigsby, Grundy, Gullette, Hadden, Hahn, Harris, Hawkins, Heskamp, Highland, Hill, Hilton, Hinkle, Hislope, Holsclaw, C. S. Howard, Isler, Jennings, Johnson, Kubale, Lowman, Mackey, Martin, McCallum, McFadden, McKinney, Melton, Miller, Mullins, Newsom, Nunn, Ockerman, Parrish, Peace, Pollitte, Ratcliffe, Ray, Rayburn, V. Reed, H. V. Reid, R. Reid, Sr., Reynolds, Searcy, Sloan, Tanner, Thomas, Thompson, Tinsley, Wathen, A. W. Wells, L. B. Wells, Williamson, Wirsch, Young. Nays 0.

HB 4 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Morgan moved to adjourn until 8:00 P.M., March 19th. Agreed.

MONDAY, MARCH 19, 1956

NINTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend Carter Roberts of the Church of the Nazarene, Frankfort.

The roll was called. All present except Anderson, Baumgardner, Bush, Caudill, Conrad, Greene, Gullette, Heyburn, Hislope, Durham W. Howard, Jennings, Kubale, Lowman, Miller, Murphy, Nunn, Nunnelley, Reynolds, Saylor, and Weintraub, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for March 15, 1956, dispensed with and the same approved on motion of Representative Isler.

Senate Message

Senate message announcing passage of **SB 1.** Ordered that said bill be referred.

Introduction of Resolution

HR 7, by Representative Cornett: A RESOLUTION commending the Carr Creek basketball team upon its achievement in winning the 1956 Kentucky State High School Basketball Tournament.

WHEREAS, the basketball team of Carr Creek High School emerged victorious in the 1956 Kentucky State High School Basketball Tournament; and

WHEREAS, this feat was accomplished by the said Carr Creek teams' eliminating four other Kentucky high school basketball teams which furnished the best competition available; and

WHEREAS, the performance of the Carr Creek team reflected the highest credit upon the school which it represented and upon Kentucky high school basketball not only in terms of technical proficiency but in a practical demonstration of sportsmanship; and

WHEREAS, it appears desirable that this honorable body join other citizens of the Commonwealth in honoring the achievement of the said Carr Creek basketball team;

NOW, THEREFORE,

Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky:

Section 1. That the House of Representatives of the Commonwealth of Kentucky does hereby extend its expression of commendation to the basketball team of Carr Creek High School for its achievement in winning the 1956 Kentucky State High School Basketball Tournament.

Section 2. That the Clerk of the House cause copies of this

Resolution to be sent to the County Superintendent of Schools of Knott County, to the Principal of Carr Creek High School and to the coach and each of the players of the 1956 team.

Representative Morgan moved adoption of **HR 7.** Adopted.

Recess

Representative Morgan moved that the House do now recess for 15 minutes for a Rules Committee Meeting. Agreed. At the appointed hour, the Speaker resumed the Chair and called the House to order.

Report of Committee

Representative Morgan moved that the rules be suspended for a Committee Report. Agreed.

Committee on Rules reported **SB 1** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

SB 1: AN ACT relating to motor trucks and motor vehicles establishing and regulating the maximum weight and dimensions thereof and authorizing the Commissioner of Highways to designate classification of highways for the purpose of regulating said maximum weights.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. Section 189.010 of the Kentucky Revised Statutes is amended to read as follows:

As used in this chapter, unless the context requires otherwise.

(1) "Department" means the Department of Highways.

(2) "Highway" means any public road, street, avenue, alley or boulevard, bridge, viaduct or trestle and the approaches to them.

(3) "Motor truck" means any motor-propelled vehicle designed for carrying freight or merchandise. It shall not include self-propelled vehicles designed primarily for passenger transportation, but equipped with frames, racks or bodies having a load capacity of not exceeding one thousand pounds.

(4) "Operator" means the person in actual physical control of a vehicle.

(5) "Semitrailer" means a vehicle designed to be attached to, and having its front end supported by, a motor truck or truck tractor, intended for the carrying of freight or merchandise and having a load capacity of over one thousand pounds.

(6) "Truck tractor" means any motor-propelled vehicle designed to draw and to support the front end of a semitrailer. The semitrailer and the truck tractor shall be considered to be one unit.

(7) "Sharp curve" means a curve of not less than thirty degrees.

(8) "State Highway Patrol" means any agency for the enforcement of the highway laws established pursuant to KRS 12.030, 176.020 and 281.380.

(9) "Steep grade" means a grade of exceeding seven percent.

(10) "Trailer" means any vehicle designed to be drawn by a motor truck or truck tractor, but supported wholly upon its own wheels, intended for the carriage of freight or merchandise, and having a load capacity of over one thousand pounds.

(11) "Unobstructed highway" means a straight, level, first-class road upon which no other vehicle is passing or attempting to pass, and upon which no other vehicle or pedestrian is approaching in the opposite direction, closer than three hundred yards.

(12) "Vehicle" includes all agencies for the transportation of persons or property over or upon the public highways of this Commonwealth and all vehicles passing over or upon said highways, excepting road rollers, road graders, farm tractors, vehicles on which power shovels are mounted, such other construction equipment customarily used only on the site of construction and which is not practical for the transportation of persons or property upon the highways, such vehicles as travel exclusively upon rails, and such vehicles as are propelled by electric power obtained from overhead wires while being operated within any municipality or where said vehicles do not travel more than five miles beyond the city limit of any municipality. "Motor vehicle" includes all vehicles as defined above which are propelled otherwise than by muscular power.

Section 2. Section 189.222 of the Kentucky Revised Statutes is amended to read as follows:

The Commissioner of Highways, in respect to highways which are a part of the state-maintained system, by official order, may increase on designated highways or portions thereof, the maximum height, length and gross weight prescribed in KRS 189.221, if in the opinion of said commissioner, the increased height, length and weight designated by him are justified by the strength, safety and durability of the designated highways, and said highways do not appear susceptible to unreasonable and unusual damage by reason of such increases; and said commissioner is authorized to establish reasonable classifications of such roads and to fix a different maximum for each classification. However, in no event shall any motor truck or tractor semitrailer combination, including any part of the body or load, exceed the following dimensions and weights:

(1) Height, 12½ feet.

(2) Length, truck tractors and semitrailers, 48 feet; motor trucks, 35 feet.

(3) Weight, 18,000 pounds per single axle, with axles less than 42 inches apart to be considered as a single axle; 32,000 pounds on two axles in tandem arrangement which are spaced 42 inches or more apart and less than 120 inches apart; 600 pounds per inch of aggregate width of all tires; gross weight, 59,640 pounds.

(4) A tolerance of not more than five percent per axle load shall be permitted before a carrier is deemed to have violated subsection

(3) of this section. In no event shall the gross weight exceed 59,640 pounds.

Section 3. Whereas, it is to the best interest of the people of the Commonwealth of Kentucky that the provisions of this Act take effect at the earliest possible date, an emergency is declared to exist and this Act shall become effective immediately upon its passage and approval by the Governor.

Representative Morgan moved that the rules be suspended for introducing a Resolution. Agreed.

Introduction of Resolution

HR 8, by Representative Morgan: A CONCURRENT RESOLUTION authorizing and directing the Legislative Research Commission to make a detailed study of certain merchandising practice of the Gasoline Industry to determine what regulatory legislation, if any, is needed with respect to such practice.

Orders of the Day

HB 8 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 80—Barnum, Bates, Beshear, Billington, Blankenship, Blue, Breathitt, Breckinridge, Bridgers, Buchanan, Burnley, Carter, Casey, Cornett, Cottengim, Davidson, Davis, Day, Dunsil, Everett, Farmer, Fitzpatrick, Flanery, Freeman, Gay, Griffin, Grigsby, Grundy, Hadden, Hahn, Harris, Hawkins, Highland, Hill, Hilton, Hinkle, Holsclaw, C. S. Howard, Isler, Johnson, Kubale, Lambert, Mackey, Martin, McCallum, McFadden, McKinney, Melton, Moore, Morgan, Mullins, Newsom, Nunn, Ockerman, Parrish, Peace, Pollitte, Qualls, Ratcliffe, Ray, Rayburn, J. B. Reed, V. Reed, H. V. Reid, R. Reid, Sr., Reynolds, Searcy, Sloan, Stith, Tanner, Thompson, Tinsley, Walsh, Wathen, A. W. Wells, L. B. Wells, Williamson, Wilson, Wirsch, Young. Nays 0.

HB 8 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Morgan moved to adjourn until 1:00 P.M., March 20th. Agreed.

TUESDAY, MARCH 20, 1956

TENTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend Fred T. Moffett of the First Baptist Church, Frankfort.

The roll was called. All present except Blue, Breathitt, Breckinridge, Buchanan, Cottengim, Embry, Everett, Farmer, Gullette, Harris, Hislope, Durham W. Howard, Lambert, Lowman, McCallum, Nunnelley, Ray, Rayburn, John B. Reed, Reynolds, Weintraub, and Williamson, who were granted leaves of absence on motion of Representative Morgan.

Senate Message

Senate message announcing passage of **SB 2.** Ordered that said bill be referred.

Reading of the Journal for March 19, 1956, dispensed with and the same approved on motion of Representative Isler.

Introduction of Resolution

HR 9, by Representative Gay: A RESOLUTION expressing approval of the House of Representatives of the proposed construction, by the Federal Government, of a dam on the middle fork of the Kentucky River at Buckhorn, Kentucky.

WHEREAS, the area adjacent to and surrounding the middle fork of the Kentucky River has been subjected to numerous costly and disastrous floods; and

WHEREAS, the President of the United States of America has included in the proposed budget, to be presented to the present session of the Congress of the United States, the sum of one million dollars for the purpose of contsructing a dam on said middle fork of the Kentucky River;

NOW, THEREFORE,

Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky:

Section 1. That the House of Representatives of the Commonwealth of Kentucky does hereby go on record as expressing approval of the construction of a dam on the middle fork of the Kentucky River at Buckhorn Kentucky for the purpose of flood control.

Representative Morgan moved adoption of **HR 9.** Adopted.

Calendar

SB 1 was taken from the Calendar and read at length for the second time. Ordered placed in Orders of the Day.

Representative Morgan moved the rules be suspended in order to make a motion. Agreed.

Recess

Representative Morgan moved that the House do now recess for 15 minutes for a Rules Committee Meeting. Agreed. At the appointed hour, the Speaker resumed the Chair and called the House to order.

Report of Committee

Representative Morgan moved that the rules be suspended for a Committee Report. Agreed.

Committee on Rules reported **SB 2** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

SB 2: AN ACT relating to the control of Johnson grass on state right of ways.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. The Department of Highways shall at all times keep all state right of ways free of the species of grass, sorghum, halepense, commonly known as Johnson grass which is a noxious weed and is a threat to the agriculture of the State. When such grass is found growing upon any state right of way, the department shall take steps to eradicate such grass by the use of chemicals or any other effective means.

Section 2. The Department of Highways shall notify the owner or tenant, whichever may be operating the farm adjacent to the right of way, of the approximate date that the eradication work is to be performed. Notice shall be given to the owner or tenant so as to provide at least three days in which to allow the owner or tenant sufficient time to remove his livestock from the fields adjacent to the right of way on which the eradication work is to be performed. The department shall advise the owner or tenant of land adjacent to the right of way treated of the nature of any chemicals used and of the effect such chemicals or process used will have on any livestock. The Department of Highways shall further advise said owner or tenant of the length of time required for the chemical action or reaction to dissipate to the point where there will be no harmful effects on any livestock.

Orders of the Day

Representative Morgan moved that **HR 5** be taken from the Orders of the Day and placed on passage. Agreed.

Representative Day moved to amend **HR 5** as follows:

"Amend printed copy of **HR 5** on page 1, 'Delete the fourth WHEREAS Clause in its entirety and substitute in lieu thereof, the following:

WHEREAS, an agreement has been entered into by the officials of the State of Indiana and the Commonwealth of Kentucky to share

the cost of needed additional supports to the proposed dam; and'." Adopted.

Representative Day moved to amend **HR 5** as follows:

"Amend printed copy of **HR 5** on page 2, lines 1 through 8, Delete on page 2 lines 1 through 8 in their entirety and substitute in lieu thereof, the following:

'That the Department of Highways immediately make a study to determine the means of financing the construction of a highway across the proposed Markland Dam, and the Department of Highways is urged to proceed with the construction of the aforesaid highway as soon as practicable. That a further investigation be made into the possibility of obtaining federal funds or funds from any adjoining state to assist in paying the costs of such projects'." Adopted.

Representative Day moved that **HR 5** as amended be placed on passage. Agreed. **HR 5** as amended read at length for the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 73—Anderson, Barnum, Bates, Baumgardner, Beshear, Billington, Blankenship, Breathitt, Bridgers, Burnley, Bush, Carter, Casey, Caudill, Conrad, Cornett, Davidson, Davis, Day, Dunsil, Farmer, Flanery, Freeman, Gay, Greene, Griffin, Grigsby, Grundy, Hadden, Hahn, Hawkins, Heskamp, Highland, Hill, Hilton, Hinkle, Holsclaw, C. S. Howard, Isler, Johnson, Kubale, Mackey, Martin, McFadden, McKinney, Melton, Moore, Morgan, Mullins, Murphy, Newsom, Nunn, Parrish, Pollitte, Qualls, Ratcliffe, J. B. Reed, V. Reed, R. Reid, Sr., Saylor, Searcy, Sloan, Stith, Tanner, Thompson, Tinsley, Walsh, Wathen, A. W. Wells, L. B. Wells, Wilson, Wirsch, Young. Nays 1—Thomas.

HR 5 was passed and the title agreed to.

Representative Morgan moved that the vote by which said resolution was passed be reconsidered and said motion be laid on the table. Agreed.

HB 1 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 71—Anderson, Barnum, Bates, Baumgardner, Beshear, Billington, Blankenship, Breathitt, Bridgers, Burnley, Carter, Casey, Caudill, Conrad, Cornett, Davidson, Davis, Day, Dunsil, Flanery, Freeman, Gay, Greene, Griffin, Grigsby, Grundy, Hadden, Hahn, Hawkins, Heyburn, Highland, Hill, Hinkle, Holsclaw, C. S. Howard, Isler, Johnson, Kubale, Mackey, Martin, McFadden, Melton, Moore, Morgan, Mullins, Murphy, Newsom, Nunn, Parrish, Peace, Pollitte, Qualls, Ratcliffe, J. B. Reed, V. Reed, H. V. Reid, R. Reid, Sr., Reynolds, Saylor, Searcy, Sloan, Stith, Thompson, Tinsley, Walsh, Wathen, A. W. Wells, L. B. Wells, Wilson, Wirsch, Young. Nays 1—Ockerman.

HB 1 was passed and the title agreed to.

Representative Morgan moved that the vote by which **HB 1** was passed be reconsidered and said motion be laid on the table. Agreed.

Introduction of Resolutions

HR 10, by Representative Isler: A RESOLUTION expressing sympathy of the membership for Representative Morris Weintraub and wishing him a speedy recovery.

WHEREAS, Representative Morris Weintraub has been ill and confined to his bed; and

WHEREAS, Representative Morris Weintraub is one of the most colorful members of the House of Representatives and his illness is regretted by his colleagues; and

NOW, THEREFORE,

Be it resolved by the House of Representatives of the Commonwealth of Kentucky:

That the membership of the House of Representatives hereby extends to Representative Morris Weintraub its sympathy and best wishes for a speedy recovery and that a copy of this resolution be forwarded to him.

Representative Isler moved adoption of **HR 10.** Adopted.

HR 11, by Representative Holsclaw: A RESOLUTION expressing condolences to Brooks Hargrove.

WHEREAS, the Honorable Brooks Hargrove, Assistant Clerk of the House of Representatives, is confined to a hospital suffering with a heart attack,

NOW, THEREFORE,

Be it resolved by the House of Representatives of the Commonwealth of Kentucky:

That the House of Representatives does hereby express its condolences to the Honorable Brooks Hargrove, and extends its best wishes for a speedy recovery from his illness.

Representative Holsclaw moved adoption of **HR 11.** Adopted.

Representative Morgan moved to adjourn until 10:00 A.M., March 21st. Agreed.

WEDNESDAY, MARCH 21, 1956

ELEVENTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend T. Herbert Tinsley, Member of the House of Representatives.

The roll was called. All present except Bates, Breckinridge, Embry, Everett, Griffin, Grundy, Gullette, Heskamp, Hislope, Durham W. Howard, Lambert, Melton, Nunnelley, Rayburn, Vernon Reed, Walsh, and Weintraub, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for March 20, 1956, dispensed with and the same approved on motion of Representative Isler.

Introduction of Resolution

HR 12, by Representative Burnley: A CONCURRENT RESOLUTION memorializing Congress to enact legislation designed to insure the construction of a high dam on the lower Cumberland River.

WHEREAS, the region traversed by the Cumberland River has been the scene of numerous floods which have caused great and extensive damage to property and have moreover added to the steady depletion of the natural resources of the Commonwealth and of the nation; and

WHEREAS, power production facilities in said area are insufficient to meet the demand with the result that large industries vital to the economic well being of the citizens of the area are reluctant to establish there; and

WHEREAS, it appears desirable that Cumberland River be deepened thereby making more of its length navigable and affording industries of the area a more economic means of shipping their products; and

WHEREAS, it appears desirable that the citizens of the area be provided with a plan of recreation not only for their own enjoyment and welfare but as an inducement to tourist trade with its direct economic benefits;

NOW, THEREFORE,

Be it resolved by the House of Representatives of the Commonwealth of Kentucky, the Senate concurring therein:

Section 1. That the Congress of the United States act, in the exercise of its broad legislative powers, to insure the construction, with all possible haste commensurate with the exercise of sound judgment, of a high dam on the lower Cumberland River.

Section 2. That the Clerk of the House cause copies of this resolution to be sent to the President of the Senate of the United

States, the Speaker of the House of Representatives of the United States and the Kentucky delegation to the Congress of the United States.

Representative Burnley moved adoption of **HR 12.** Adopted.

Representative Clyde S. Howard expressed appreciation for the breakfast given by the members from the First Congressional District for members of the Legislature and state officials, and moved that the acknowledgement be spread on the Journal. Agreed.

Representative Morgan moved that the House do now recess for 15 minutes for a Rules Committee Meeting. Agreed. At the appointed hour, the Speaker resumed the Chair and called the House to order.

Representative Morgan moved that the rules be suspended for a Committee Report. Agreed.

Report of Committee

Committee on Rules reported **HR 8** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

HR 8: A CONCURRENT RESOLUTION authorizing and directing the Legislative Research Commission to make a detailed study of certain merchandising practice of the Gasoline Industry to determine what regulatory legislation, if any, is needed with respect to such practice.

WHEREAS, it appears that certain major refiners and distributors of motor oils and fuels doing business in the Commonwealth of Kentucky are guilty of discriminatory marketing practices with respect to retail dealers in their products through the medium of rebates, sale of products to dealers at less than cost, and irregular and misleading advertising with the intent of destroying or lessening competition; and

WHEREAS, such discriminatory practices as rebates and sales at less than cost are often confined to one or more closely defined locales with other dealers in the products of the refiner and distributor, in the same general area, not receiving the competitive benefits afforded by such rebates and sales at less than cost, and actually being placed at a competitive disadvantage thereby; and

WHEREAS, it is generally known that such refiners and distributors often operate directly retail outlets thereby being in a position to reduce prices of their products for an extended period thus forcing independent dealers to operate at a loss or to discontinue business; and

WHEREAS, it appears that said major refiners and distributors in many instances require independent dealers to enter into leases on a short term basis, which leases operate to the disadvantage of such independent dealers and promote monopolistic situations,

NOW, THEREFORE,

Be it resolved by the Senate of the Commonwealth of Kentucky, and the House of Representatives concurring therein:

Section 1. The Legislative Research Commission, in cooperation with such other state agencies as the Governor shall direct, is hereby authorized and directed to make a study of the business practices of the major oil companies as same relate to retail dealers; to make a study of the effect such practices have upon the retail dealers and upon the consuming public.

Section 2. The Legislative Research Commission shall have authority to obtain information and to receive cooperation and assistance from public agencies in the Commonwealth. Every state agency, on request, shall make available to the Legislative Research Commission such information, statistics and reports as are at the disposal of such agency.

Section 3. The Legislative Research Commission shall prepare and submit to the next regular session of the General Assembly a report of its studies, containing specific recommendations for the use and benefit of the General Assembly.

Orders of the Day

SB 1 taken from the Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 63—Anderson, Barnum, Bates, Beshear, Billington, Blankenship, Bridgers, Burnley, Carter, Casey, Conrad, Cornett ,Cottengim, Davidson, Davis, Day, Farmer, Fitzpatrick, Flanery, Gay, Greene, Grigsby, Hahn, Harris, Hawkins, Heyburn, Highland, Hill, Hinkle, Holsclaw, C. S. Howard, Jennings, Johnson, Kubale, Lowman, Martin, McKinney, Morgan, Mullins, Murphy, Newsom, Nunn, Ockerman, Parrish, Peace, Pollitte, Qualls, Ratcliffe, Ray, J. B. Reed, R. Reid, Sr., Reynolds, Searcy, Sloan, Stith, Tanner, Thompson, Tinsley, A. W. Wells, L. B. Wells, Wilson, Wirsch, Young. Nays 3—Isler, Mackey, Saylor.

SB 1 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Morgan moved that the rules be suspended for reading the Calendar. Agreed.

Calendar

SB 2 was taken from the Calendar and read at length for the second time. Ordered placed in the Orders of the Day.

Representative Morgan moved to adjourn until 10:00 A.M., March 22nd. Agreed.

THURSDAY, MARCH 22, 1956

TWELFTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend Fred T. Moffett of the First Baptist Church, Frankfort.

The roll was called. All present except Breckinridge, Bridgers, Buchanan, Bush, Casey, Caudill, Dunsil, Embry, Flanery, Grigsby, Grundy, Gullette, Hill, Hislope, Durham W. Howard, Kubale, Lambert, Lowman, Martin, McCallum, Murphy, Nunn, Nunnelley, Peace, Qualls, Ray, Rayburn, John B. Reed, Reynolds, Thomas, Weintraub, and Williamson, who were granted leaves of absence on motion of Representative Morgan.

Report on Enrolled Bills

Committee on Enrollment reported that **SB 1** had been examined and found correctly enrolled. Said bill read at length, compared, and signed in open session by the Speaker. Ordered delivered to the Senate.

Senate Message

Senate message announcing passage of **SB 3, SB 4, HR 3,** and **HR 12.** Ordered that **SB 3** and **SB 4** be referred.

Reading of the Journal for March 21, 1956, dispensed with and the same approved on motion of Representative Isler.

Calendar

HR 8 was taken from the Calendar and read at length for the second time. Ordered placed in Orders of the Day.

Recess

Representative Morgan moved that the House do now recess for a Rules Committee Meeting. Agreed. At the appointed hour, the Speaker resumed the Chair and called the House to order.

Representative Morgan moved that the rules be suspended for a Committee Report. Agreed.

Report of Committee

Committee on Rules reported **SB 3** and **SB 4** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

SB 3: AN ACT authorizing the execution, sale and delivery of one hundred million dollars ($100,000,000) principal amount of Commonwealth of Kentucky general obligation bonds, the proceeds from the sale of which will be used to match Federal Funds for the construction of highways, bridges and tunnels in the Commonwealth of Kentucky, and providing for the submission thereof to the voters at the general election to be held on November 6, 1956.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. Subject to the provisions of Sections 49 and 50 of the Constitution of Kentucky, there is hereby contracted on behalf of the Commonwealth a debt in the amount of one hundred million dollars ($100,000,000). It is hereby declared to be the intent of the General Assembly in enacting this Act and contracting the aforesaid debt on behalf of the Commonwealth to provide a method whereby the Commonwealth of Kentucky can issue bonds directly obligating the Commonwealth in an amount of one hundred million dollars ($100,000,000) for the purpose of providing funds to match Federal Funds allocated to Kentucky for the construction or reconstruction of highways, tunnels and bridges within the Commonwealth of Kentucky, subject to the approval of the people of the Commonwealth of Kentucky as provided in Section 50 of the Constitution of Kentucky; such approval or disapproval to be expressed at the general election to be held on November 6, 1956.

Section 2. Bonds of the Commonwealth of Kentucky shall be issued in the total amount of one hundred million dollars ($100,000,000). Said bonds shall be of the denomination of one hundred dollars ($100), or such multiples thereof as the State Property and Buildings Commission may determine; shall be engraved, lithographed or printed, as said Commission shall determine; shall be signed at the time of their respective issuance by the Governor then in office, and at the same time attested by the Secretary of State then in office, with the seal of the Commonwealth affixed. All of said bonds shall bear interest at such rate, not exceeding three percent per annum, as said Commission shall determine at the time of such issue. All of said bonds shall bear date of January 1, 1957. The interest thereon shall be payable semiannually January first and July first of each year thereafter. There shall be attached to said bonds coupons for such semiannual interest bearing the facsimile signature of the Governor and the Treasurer of the Commonwealth, the last coupon on each bond being due at the date of maturity of the bond to which it is attached. Said bonds and coupons shall be payable in lawful money of the United States of America at such place or places as the State Property and Buildings Commission may determine. Said bonds, at the request of the owners, may be registered as to principal and interest with the Department of Finance of the Commonwealth of Kentucky upon the payment of a registration fee of fifty cents on each one thousand dollars principal amount of said bonds. All of said bonds and the interest thereon shall be exempt from state, county and municipal taxation. Save as in this Act provided, the form of said bonds, and the method of registration shall be determined by the State Property and Buildings Commission. The cost of engraving, lithographing or printing said bonds shall be certified by the State Property and

Buildings Commission to the Department of Finance for payment and shall be paid out of the State Road Fund.

Section 3. Said bonds shall bear serial numbers beginning with number one and shall mature on such dates, with such provisions as to prior redemption including premiums therefor, as may be determined by the State Property and Buildings Commission, providing that all of such bonds shall mature within thirty years from January 1, 1957.

Section 4. The bonds herein provided for shall be direct obligations of the Commonwealth of Kentucky, and the full faith and credit of the Commonwealth hereby is pledged for the payment of said bonds and the interest thereon. In order to provide for the payment of the principal of all of said bonds at their maturity and the interest thereon annually as same shall accrue, there shall be levied and collected in each of the thirty years from January 1, 1957, to January 1, 1987, taxes for the benefit of the State Road Fund in the form of license, excise taxes and fees relating to registration, operation and use of vehicles on public highways and excise taxes, use and license taxes relating to gasoline and other motor fuels used upon the public highways in Kentucky at rates not less than the rates now imposed by law or so adjusted as to produce for the Road Fund not less than the amount now derived from all of such taxes. All such funds derived from such taxes hereby are appropriated to the extent necessary for the payment of the principal and interest on said bonds. From the funds derived from said taxes in each year, beginning January 1, 1957, there shall be set aside and held inviolable for that purpose, a fund sufficient to pay the principal and interest on said bonds in each year as and when due until all of said bonds and the interest thereon shall have been paid in full. In each year, after setting aside the funds hereinabove provided, the remainder of the funds derived from such taxes may be expended and used for the cost of administration, statutory refunds and adjustment, payment of highway obligations, costs of construction, reconstruction, right of ways, maintenance and repair of public highways, tunnels and bridges and the expense of enforcing state traffic and motor vehicle laws, provided that all the funds collected under KRS Chapter 138 and required by KRS 138.220, 138.565 (3) and 138,660 (3) to be set aside by the Department of Highways for the construction, reconstruction and maintenance of rural and secondary roads shall be first set aside and used for such purposes.

Section 5. All of said bonds need not be sold at one time, but may be advertised and sold in units of not less than five million dollars principal amount as and when the money to be derived from the issuance and sale of said bonds may be needed. The State Property and Buildings Commission shall determine the time when and the principal amount of said bonds that shall be advertised and sold.

Section 6. Before any of said bonds shall be sold, said State

Property and Buildings Commission shall advertise not less than once in each of the four weeks preceding the day of sale in at least three newspapers of general circulation in Kentucky and in some one or more recognized financial journals published in the City of New York for bids therefor, and all bids shall be in writing and sealed, and on the day fixed therefor shall be publicly opened by the State Property and Buildings Commission at a time and place designated in the advertisement for bids. None of said bonds shall be sold at less than par and accrued interest, and each advertisement for bids shall so state. Said bonds said be sold to the highest and best bidder. Said State Property and Buildings Commission shall have the right to reject any and all bids. Any premium and accrued interest received shall be deposited in the sinking fund provided by this Act for the payment of said bonds and interest thereon. On the sale of said bonds, all matured coupons shall be detached and destroyed by the State Property and Buildings Commission and a record made of such destruction. The cost incurred by the State Property and Buildings Commission in advertising for bids and in making the sale of said bonds shall be certified by said Commission to the Department of Finance and shall be paid out of the State Road Fund.

Section 7. The State Property and Buildings Commission shall specify such terms for the bonds that are not inconsistent with the provisions of this Act.

Section 8. The State Property and Buildings Commission may invest any amounts received for the sinking fund provided in this Act in interest-bearing obligations of the United States or the purchase of the bonds authorized by this Act, or they may deposit said amounts in any State or National Bank or Trust Company of Kentucky, but each such deposit shall be adequately secured by a corporate surety bond in some good and solvent corporate surety company authorized to do business in Kentucky, or by the deposit of United States Government bonds which are direct obligations of the United States of America in an amount equal to each such deposit.

Section 9. The proceeds derived from the sale of the aforesaid bonds shall be held or invested by the State Property and Buildings Commission in the same manner and under the same restrictions set forth in Section 8 hereof as to the Sinking Fund and shall be used solely and only by the Department of Highways of the Commonwealth of Kentucky to match Federal Funds allocated to Kentucky for the construction and reconstruction of highways, tunnels and bridges within the Commonwealth of Kentucky.

Section 10. This Act shall be submitted to the people at the general election to be held on November 6, 1956, as provided in Section 50 of the Constitution of Kentucky. It shall be the duty of the Secretary of State to cause this Act to be published once a week for

four consecutive weeks next preceding the week of the general election to be held on November 6, 1956, in at least three newspapers of general circulation published in the state, and the Secretary of State shall also cause to be published at the same time and in the same manner the fact that the indebtedness authorized by this Act shall be submitted to the people for their approval or rejection at the general election aforesaid. Each such publication shall bear the title, "Notice of Election." The Secretary of State shall cause to be included at the foot of said publication the statement that the Act will be submitted to the voters of the Commonwealth at said regular election to be held on November 6, 1956. The form of the question to be placed upon the ballot shall be: "Are you in favor of the Act of the General Assembly known as Senate Bill No. 3, enacted by the Second Extraordinary Session of the General Assembly of 1956, authorizing the Commonwealth to issue and sell bonds of the principal amount not exceeding one hundred million dollars ($100,000,000), to provide funds to match Federal aid in the construction and reconstruction of highways, bridges and tunnels in Kentucky?" It shall be the duty of the Secretary of State, not less than forty days before the November election in 1956, to certify to the county court clerk of each county the question herein directed to be submitted, and it shall be the duty of the county court clerks to have said question as certified by the Secretary of State indicated on the ballot as herein provided. The votes cast for and against this Act shall be counted, canvassed and certified to the State Board of Election Commissioners in the same manner as the votes cast for any office elective by the voters of the state. In all other particulars the election shall be conducted in the same manner as other general elections are conducted. If it shall be found that a majority of the votes cast on the question are in favor of this Act, then all provisions of this Act other than those contained in this section shall become operative on and including the first day of January, 1957. The result of the election, as soon as certified, shall be proclaimed by the Secretary of State by publication in three daily newspapers of general circulation in this Commonwealth. The expenses incurred by the Secretary of State in the publications herein provided for shall be certified by the Secretary of State to the Department of Finance and paid out of the State Road Fund.

Section 11. The word "year" as used in this Act means calendar year, unless otherwise expressly stated.

Section 12. All acts and laws and parts of acts and laws in conflict herewith, to the extent of such conflict, hereby are repealed.

SB 4: AN ACT relating to roads.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. Section 177.330 of the Kentucky Revised Statutes is amended to read as follows:

At least once in each calendar year the Department of Highways, through a duly authorized representative, shall consult with the fiscal courts of the various counties for the purpose of receiving recommendations from said fiscal courts for the selection of secondary and rural roads lying within said counties for construction, reconstruction or maintenance. The Department of Highways shall give due consideration to the recommendations of the various fiscal courts with reference to the selection of secondary and rural roads for construction, reconstruction or maintenance and shall, provided agreement is reached, proceed to construct, reconstruct or maintain such roads as are agreed upon in accordance with the provisions of Chapters 177 and 179 of the Kentucky Revised Statutes.

Where the construction of a secondary or rural road through an incorporated town of the fifth or sixth class is necessary, as determined by the Department of Highways, it shall not be necessary for the Department of Highways to consult with the fiscal court of the county wherein the said town is situated and said road may be constructed, reconstructed or maintained at the discretion of the Department of Highways.

Section 2. Section 177.340 of the Kentucky Revised Statutes is amended to read as follows:

If, within thirty days after receiving recommendations from any fiscal court, the Department of Highways and the fiscal court shall fail to agree on the selection of any secondary or rural roads for construction, reconstruction or maintenance, the department may proceed toward the construction, reconstruction or maintenance of any road, lying within a county with which agreement has not been reached, which, in its discretion, is essential to a system of secondary highways. Secondary or rural road or roads, constructed, reconstructed or maintained in accordance with agreement between the affected county and the department, or selected for construction, reconstruction or maintenance by the department, at its discretion, without agreement with the affected county, may become a part of the highway system of the Commonwealth of Kentucky at the discretion of the Department of Highways.

Section 3. Section 177.350 of the Kentucky Revised Statutes is amended to read as follows:

The Department of Highways is authorized to establish standards for the construction, reconstruction, maintenance and improvement of secondary and rural roads in the Commonwealth of Kentucky; to continue such studies, make such surveys, prepare such maps, employ such personnel and obtain such equipment as may be necessary for the establishment and maintenance of an integrated system of secondary and rural roads in the Commonwealth of Kentucky.

Section 4. Section 177.370 of the Kentucky Revised Statutes is hereby repealed.

Report on Enrolled Bills

Committee on Enrollment reported that **HR 3** had been examined and found correctly enrolled. Said resolution read at length, compared, and signed in open session by the Speaker. Ordered delivered to the Senate.

HR 3 delivered, signed by the President of the Senate. Ordered delivered to the Governor.

Introduction of Resolution

HR 13, by Representative Hilton: A JOINT RESOLUTION providing for study by the Department of Highways regarding the establishing of a highway atop the proposed Greenup Dam and possible source of revenue to assist in financing same.

WHEREAS, the establishment of an atomic energy plant in southeastern Ohio and the expansion of industry in northeastern Kentucky has brought about a substantial increase in population in that area; and

WHEREAS, travel by the populace of the northeastern section of the Commonwealth of Kentucky, across the Ohio River, is restricted or made inconvenient by the fact that there are a limited number of bridges; and

WHEREAS, it appears desirable that additional means of access to our sister states north of the Ohio River be provided; and

WHEREAS, the approximate cost of a highway bridge across the Ohio River would range between eight and ten million dollars; and

WHEREAS, the expenditure of approximately two hundred thousand dollars for additional supports to the proposed dam would result in a savings to the Commonwealth of approximately seventy percent; and

WHEREAS, it would appear that the need for such bridge will become even greater in the near future,

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

That the Department of Highways immediately make a study to determine the practicability, feasibility, utility and possibility of constructing a highway across the proposed Greenup Dam, and in the event such highway appears feasible the Department of Highways is urged to begin construction thereof as soon as practicable. That a

further investigation be made into the possibility of obtaining federal funds to assist in paying the cost of such project.

Representative Hilton moved adoption of **HR 13.** Adopted.

Orders of the Day

Representative Morgan moved that **HB 2** be taken from the Orders of the Day and placed on passage. Agreed.

Representative Morgan moved to amend **HB 2** as follows:

Amend printed copy of **HB 2,** on page 4, section 7, line 4, by adding the following sentence "The provisions of this section shall not apply to privately owned and operated trailers used for the transportation of boats, luggage, personal effects or farm products." Adopted.

Representative Morgan moved that **HB 2** be amended as follows:

Amend printed copy of **HB 2** on page 2, section 2, line 3, by deleting the word "registered" and insert in lieu thereof the phrase: "which may be identified". Adopted.

Representative Morgan moved to amend **HB 2** as follows:

Amend printed copy of **HB 2** on page 5, section 11, line 3, by inserting the following: "Section 11a. Trailers, semi-trailers and house-trailers in transit between a manufacturing plant and dealer's place of business; between a manufacturing plant and user's place of residence; or between a dealer's place of business and user's place of residence and farm equipment pulled or towed by a motor vehicle not required to be licensed under the provisions of Chapter 186 of the Kentucky Revised Statutes shall be exempt from the provisions of this Act." Adopted.

Representative Ockerman moved to amend **HB 2** as follows:

Amend printed copy of **HB 2** on page 4, section 7, line 5, by striking the figure "$9.50" and inserting in lieu thereof the figure "$4.50". Rejected.

HB 2 read at length as amended. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 66—Anderson, Barnum, Bates, Baumgardner, Beshear, Billington, Blankenship, Blue, Breathitt, Buchanan, Burnley, Carter, Casey, Conrad, Cottengim, Davidson, Davis, Day, Farmer, Freeman, Greene, Griffin, Hadden, Hahn, Harris, Hawkins, Heskamp, Heyburn, Highland, Hilton, Hinkle, Holsclaw, C. S. Howard, Isler, Johnson, Kubale, Mackey, McCallum, McFadden, McKinney, Melton, Miller, Moore, Morgan, Mullins, Newsom, Pollitte, Ratcliffe, Ray, V. Reed, H. V. Reid, R. Reid, Sr., Reynolds, Saylor, Searcy, Sloan, Stith, Tanner, Thompson, Tinsley, Walsh, Wathen, A. W. Wells, Wilson, Wirsch, Young. Nays 2—Cornett, Ockerman.

HB 2 was passed and the title agreed to.

Representative Morgan moved that the vote by which **HB 2** as amended was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Morgan moved that **HB 3** be taken from the Orders of the Day and placed on passage. Agreed.

Representative Morgan moved to amend **HB 3** as follows:

Amend printed copy of **HB 3** on page 17, by adding thereto, immediately following Section 19, the following which shall constitute Section 20 of this Act: "Whereas, the Commonwealth of Kentucky is losing substantial amounts of revenue under the existing laws of the Commonwealth, an emergency is declared to exist and this Act shall become effective upon its passage and approval by the Governor." Adopted.

Representative Morgan moved to amend **HB 3** as follows:

Amend printed copy of **HB 3** on page 16, section 16, lines 7 and 14, by deleting in line 7 the word "except" following the word "vehicles" and before the word "semi-trailers" and inserting in lieu thereof the word "including," and by deleting in line 14 the word "not" following the word "shall" and before the word "be." Adopted.

HB 3 read at length as amended. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 58—Anderson, Barnum, Bates, Beshear, Billington, Blankenship, Blue, Buchanan, Burnley, Carter, Casey, Conrad, Cornett, Cottengim, Davidson, Davis, Day, Embry, Everett, Farmer, Greene, Griffin, Hadden, Hahn, Harris, Hawkins, Heskamp, Heyburn, Highland, Hilton, Hinkle, Holsclaw, C. S. Howard, Isler, Johnson, Kubale, Mackey, McCallum, McFadden, Melton, Miller, Moore, Morgan, Mullins, Newsom, Parrish, Ratcliffe, V. Reed, H. V. Reid, Searcy, Sloan, Stith, Tanner, Thomas, Thompson, A. W. Wells, Wirsch, Young. Nays 3—Ockerman, Reynolds, Walsh.

HB 3 was passed and the title agreed to.

Representative Morgan moved that the vote by which **HB 3** was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Morgan moved to adjourn until 8:00 P.M., March 26th. Agreed.

MONDAY, MARCH 26, 1956

FIFTEENTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend John C. Chenault of the First Christian Church, Frankfort.

The roll was called. All present except Anderson, Blue, Breathitt, Bush, Carter, Caudill, Cottengim, Gullette, Hadden, Harris, Hilton, Holsclaw, Durham W. Howard, McCallum, Melton, Nunn, Nunnelley, Pollitte, Qualls, Reynolds, Saylor, Sloan, Tanner, Tinsley, Walsh, Wathen, Weintraub, Mrs. Wilson, and Young, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for March 22, 1956, dispensed with and the same approved on motion of Representative Isler.

Calendar

SB 3 and **SB 4** taken from the Calendar and read at length for the second time. Ordered placed in Orders of the Day.

Orders of the Day

HR 8 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 67—Barnum, Bates, Beshear, Billington, Blankenship, Breathitt, Breckinridge, Bridgers, Burnley, Casey, Conrad, Cornett, Davis, Day, Dunsil, Embry, Everett, Farmer, Flanery, Freeman, Gay, Greene, Griffin, Grigsby, Grundy, Hahn, Hawkins, Heskamp, Highland, Hill, Hinkle, Hislope, Holsclaw, C. S. Howard, Isler, Jennings, Johnson, Kubale, Mackey, Martin, McCallum, McFadden, McKinney, Miller, Moore, Morgan, Mullins, Murphy, Newsom, Ockerman, Parrish, Peace, Ratcliffe, Ray, Rayburn, J. B. Reed, V. Reed, H. V. Reid, R. Reid, Sr., Searcy, Stith, Thomas, Walsh, A. W. Wells, L. B. Wells, Williamson, Wirsch. Nays 0.

HR 8 was passed and the title agreed to.

Representative Morgan moved that the vote by which said resolution was passed be reconsidered and said motion be laid on the table. Agreed.

SB 2 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed.

Representative Clyde S. Howard moved to amend **SB 2** as follows:

Amend printed copy of **SB 2** on page 1, section 1, lines 1 through 7 by deleting in its entirety and substituting in lieu thereof the following: "Section 1. The Department of Highways shall at all times keep all state right of ways free of the species of grass, sorghum halepense,

commonly known as Johnson grass, and Cynodon dactylon, commonly known as Bermuda grass, which are obnoxious weeds and are a threat to the agriculture of the State. When any such grass is found growing upon any state right of way, the department shall take steps to eradicate such grass by the use of chemicals or any other effective means".

Amendment was rejected for failure to receive a second.

SB 2 read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 56—Barnum, Bates, Billington, Blankenship, Breathitt, Buchanan, Burnley, Casey, Conrad, Cornett, Davidson, Davis, Day, Dunsil, Embry, Everett, Freeman, Gay, Greene, Grundy, Hahn, Hawkins, Heskamp, Highland, Hinkle, Hislope, Holsclaw, C. S. Howard, Isler, Johnson, Lowman, Mackey, McFadden, McKinney, Miller, Moore, Morgan, Mullins, Murphy, Ockerman, Parrish, Ratcliffe, Ray, Rayburn, V. Reed, H. V. Reid, R. Reid, Sr., Reynolds, Searcy, Stith, Thompson, Walsh, A. W. Wells, L. B. Wells, Williamson, Wirsch. Nays 8—Breckinridge, Griffin, Hill, Lambert, Martin, McCallum, Newsom, J. B. Reed.

SB 2 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Morgan moved to adjourn until 1:00 P.M., March 27, 1956. Agreed.

TUESDAY, MARCH 27, 1956

SIXTEENTH LEGISLATIVE DAY

The House was called to order by Speaker Pro Tem Charles W. Burnley.

Prayer by the Reverend Robert J. Laughlin of the First Presbyterian Church, Frankfort.

The roll was called. All present except Blue, Conrad, Farmer, Grundy, Gullette, Harris, Hinkle, Isler, Lambert, Lowman, Murphy, Nunn, Nunnelley, Saylor, Tanner, Tinsley, and Weintraub, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for March 26, 1956, dispensed with and the same approved on motion of Representative Gay.

Senate Message

Senate message announcing passage of **HB 4, SR 8** and **SR 10. SR 8** and **SR 10** read by Clerk.

Introduction of Resolutions

HR 14, by Representatives Holsclaw, Heyburn, Baumgardner, Ray, Barnum, Walsh, Anderson, Miller, Murphy, Bridgers, and Farmer: A CONCURRENT RESOLUTION commending the University of Louisville upon the achievement of its basketball team in winning the 1956 National Invitation Tournament.

WHEREAS, the basketball team of the University of Louisville compiled an outstanding record of 26 wins against only 3 losses during the 1955-56 basketball season against many of the best teams in the nation; and

WHEREAS, the said University of Louisville basketball team has climaxed its season by emerging victorious in the 1956 National Invitation Tournament at Madison Square Garden in New York City; and

WHEREAS, in the finals of the National Invitation Tournament the University of Louisville basketball team defeated, for the third time this year, the University of Dayton basketball team which was ranked No. 2 in the nation and favored to win the National Invitation Tournament; and

WHEREAS, the University of Louisville in the finals of the National Invitation Tournament swept to victory by a staggering score of 93-80, amassing the highest winning score ever recorded in the finals of the National Invitation Tournament; and

WHEREAS, Charlie Tyra, center on the Louisville basketball team, was recognized as the "most valuable player" in the National Invitation Tournament for his outstanding performance throughout the tournament; and

WHEREAS, the University of Louisville basketball team set a new three-game record of 266 points in winning the National Invitation Tournament; and

WHEREAS, by the combination of an outstanding season record and the winning of the National Invitation Tournament, one of the highest basketball honors in the world, the said University of Louisville basketball team has brought additional honor and glory to the Commonwealth of Kentucky and more firmly established the said Commonwealth as the basketball capital of the world; and

WHEREAS, the gentlemanly and sportsman like conduct exhibited by the individual members of the said University of Louisville basketball team has reflected the highest credit upon the citizens of the Commonwealth and its educational institutions;

NOW, THEREFORE,

Be it resolved by the House of Representatives of the Commonwealth of Kentucky, the Senate concurring therein:

Section 1. That the House of Representatives and the Senate of the Commonwealth of Kentucky do hereby express their commendation to the University of Louisville basketball team upon its achievement in winning the 1956 National Invitation Tournament.

Section 2. That the Clerk of the House cause copies of this Resolution to be presented to the President of the University of Louisville, to the Dean of the University of Louisville, to the Coach and to each member of the basketball team.

Representative Holsclaw moved adoption of **HR 14.** Adopted.

HR 15, by Representative Wirsch: A RESOLUTION memorializing the Congress of the United States to take or cause to be taken such action as may be required to proceed with and complete the proposed Falmouth Dam Project on the Licking River.

WHEREAS, the proposed Falmouth Dam Project would provide valuable benefits to the Commonwealth of Kentucky in the way of flood control and power development; and

WHEREAS, the project would result in creating a body of water admirably suited to the development of a state park and accompanying recreational facilities which are particularly needed in the northern part of Kentucky and which would promote the general welfare of the people of Kentucky,

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

Section 1. That the Congress of the United States is requested and urged to take or cause to be taken such action as is required in

order to proceed with and complete the proposed Falmouth Dam Project on the Licking River.

Section 2. That the Clerk of the House of Representatives is directed to send copies of this Resolution to each United States Senator from Kentucky and to each Representative in Congress from Kentucky.

Representative Wirsch moved adoption of **HR 15.** Rejected.

Report on Enrolled Bills

Committee on Enrollment reported that **HB 4** had been examined and found correctly enrolled. Said bill read at length, compared, and signed in open session by the Speaker Pro Tem. Ordered delivered to the Senate.

HB 4 delivered, signed by the President of the Senate. Ordered delivered to the Governor.

Introduction of Bills

HB 9, by Representative Sloan: AN ACT relating to motor vehicles.

Orders of the Day

Representative Morgan moved that the House concur in **SR 10.**

SR 10: A JOINT RESOLUTION commending the University of Louisville upon the achievement of its basketball team in winning the 1956 National Invitational Tournament.

WHEREAS, the basketball team of the University of Louisville has compiled an outstanding record in the 1955-1956 basketball season against the better teams in the nation; and

WHEREAS, the said University of Louisville basketball team has climaxed its season by emerging victorious in the 1956 National Invitational Tournament at Madison Square Garden in New York City; and

WHEREAS, by the combination of an enviable season record and the winning of the National Invitational Tournament the said University of Louisville basketball team has brought additional honor and glory to the Commonwealth of Kentucky and established the said Commonwealth more firmly as the basketball capitol of the nation; and

WHEREAS, the gentlemanliness and sportsmanlike conduct exhibited by individual members of the said University of Louisville team has reflected the highest credit upon the citizens of the Commonwealth and its educational institutions;

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

Section 1. That the General Assembly of the Commonwealth of Kentucky does hereby express its commendation to the University of

Louisville basketball team upon its achievement of winning the 1956 National Invitational Basketball Tournament.

Section 2. That the Clerk of the Senate cause copies of this resolution to be presented to the President of the University of Louisville, the Dean of the University of Louisville, the coach of the basketball team and to each member thereof.

SR 10 was adopted.

Representative Morgan moved that the House concur in **SR 8.**

SR 8: A CONCURRENT RESOLUTION authorizing and directing the Legislative Research Commission in conjunction with the Department of Highways to make a study regarding the allocation of funds for rural and secondary roads.

WHEREAS, the allocation of funds provided by KRS 138.220, 138.565(3) and 138.660(3) for the construction, reconstruction and maintenance of rural and secondary roads is presently made pursuant to rules and regulations of the Department of Highways, which follow the allocation procedure set forth in KRS 179.410; and

WHEREAS, the 1948 session of the General Assembly by KRS 177.370 directed the Department of Highways to make recommendations to the 1950 General Assembly respecting a formula or method for the allocation of the funds provided by KRS 138.220 between the various counties of Kentucky, and such directive has not been complied with,

NOW, THEREFORE,

Be it resolved by the Senate of the Commonwealth of Kentucky, the House of Representatives concurring therein:

That the Legislative Research Commission in conjunction with the Department of Highways is authorized and directed to study the problem and shall make recommendations to the 1958 General Assembly respecting a formula or method for the allocation of the funds provided by KRS 138.220, 138.565(3) and 138.660(3) between the various counties of Kentucky, and shall make such other recommendations and reports as shall be deemed necessary, or requested by the General Assembly, for the establishment of a system of secondary and rural roads in the Commonwealth of Kentucky.

SR 8 was adopted.

SB 3 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed.

Representative Breckinridge moved to amend **SB 3** as follows:

Amend printed copy of **SB 3** on page 8, by adding a new section to read as follows:

Section 13. (1) To facilitate public understanding of the objectives and administration of the provisions of this Act; to effect all possible economies and the maximum benefit to the highway system of the Commonwealth; and, to enable the General Assembly to better consider such supplementary legislation as development might indicate, there is hereby created a joint committee of the General Assembly to be composed of four members each of the Senate and the House of Representatives, the membership of which shall be chosen by secret ballot.

(2) Each member of the General Assembly shall, in voting for the membership of his respective body to said committee, be entitled to vote for four members. The four members of each legislative body receiving the highest number of votes on the first ballot shall be elected; provided, however, that in the event that those members receiving the highest number of votes are all members of the same political party, then and in that event the members of the political party not represented, who received the highest number of votes for members of his party, shall be substituted for the member receiving fourth highest number of votes amongst those members of the other party.

(3) The committee shall elect its own officers, is authorized and empowered to employ accountants, attorneys, stenographic and clerical assistants, and such other skilled assistance as it may deem expedient to the discharge of its duties, and to purchase or otherwise acquire necessary equipment and supplies. The committee shall, as a first order of business, adopt rules governing its organization, meetings, hearings and procedure, and shall have authority to reimburse its members and employees for actual and necessary traveling expenses, telephone and telegraph expenses, and similar expenses incurred in the performance of its duties. It is further authorized and empowered to conduct hearings at any place within the Commonwealth or elsewhere, and to receive evidence by deposition, for which purpose it may delegate any member or employee of the committee to conduct the taking of the deposition within or without the State.

(4) The committee, or its duly authorized members or employees, are hereby authorized, empowered and directed to fully and thoroughly inquire into and investigate the affairs, activities and management of the Department of Highways and Finance, including the conduct of all officers and employees thereof, and the conduct of any and all persons having or who have had transactions, dealings or contracts with either of said institutions, its officers or employees, and in so doing shall have full and plenary powers to subpoena, demand the presence of, and examine under oath such persons; to require any and all persons so subpoenaed to so appear and to produce any papers, books, documents, contracts, records or other data or written matter deemed pertinent to the inquiry.

(5) The committee shall further have all of the powers and

privileges and receive compensation as provided for sub-committees of the Legislative Research Commission by the provisions of Chapter 7 of the Kentucky Revised Statutes.

Amendment to **SB 3** was rejected.

SB 3 read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 77—Anderson, Barnum, Bates, Baumgardner, Beshear, Billington, Blankenship, Breathitt, Breckinridge, Buchanan, Burnley, Bush, Carter, Casey, Conrad, Cornett, Cottengim, Davidson, Davis, Day, Dunsil, Embry, Everett, Flanery, Freeman, Gay, Greene, Griffin, Grigsby, Hadden, Hahn, Hawkins, Heskamp, Highland, Hill, Hilton, Holsclaw, C. S. Howard, D. W. Howard, Jennings, Johnson, Kubale, Mackey, Martin, McCallum, Melton, Miller, Moore, Morgan, Mullins, Newsom, Nunn, Ockerman, Parrish, Peace, Pollitte, Qualls, Ratcliffe, Ray, Rayburn, J. B. Reed, V. Reed, H. V. Reid, R. Reid, Sr., Reynolds, Searcy, Sloan, Stith, Thompson, Walsh, Wathen, A. W. Wells, L. B. Wells, Williamson, Wilson, Wirsch, Young. Nays 5—Caudill, Heyburn, McFadden, McKinney, Thomas.

SB 3 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

SB 4 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed.

Representative Ockerman moved to amend **SB 4** as follows:

Amend printed copy of **SB 4** on page 3, by adding a new Section as follows:

"Section 5. Section 177.360 of the Kentucky Revised Statutes is amended to read as follows: The funds provided under the provisions of KRS 177.320 and 138.220 shall be allocated to the various counties in the same manner as is provided by KRS 179.410. In making the allocation for the fiscal year beginning July 1, 1956, and subsequent years adjustments for prior year or years credits or advancements to the various counties, shall be made by the Department of Highways".

Representative Ockerman requested a roll call on the amendment.

On roll call, the vote was yeas 35—Breathitt, Breckinridge, Buchanan, Carter, Caudill, Cornett, Dunsil, Embry, Freeman, Gay, Griffin, Hadden, Heskamp, Heyburn, Hislope, D. W. Howard, Jennings, Lambert, Mackey, McFadden, McKinney, Moore, Mullins, Nunn, Ockerman, Peace, Pollitte, Ray, R. Reid, Sr., Reynolds, Searcy, Sloan, Thomas, Williamson, Wirsch. Nays 41—Anderson, Baumgardner,

Beshear, Billington, Blankenship, Burnley, Bush, Casey, Conrad, Cottengim, Davidson, Davis, Day, Everett, Flanery, Grigsby, Hahn, Hill, Hilton, Holsclaw, C. S. Howard, Johnson, Kubale, Martin, Melton, Miller, Morgan, Newsom, Parrish, Qualls, Ratcliffe, Rayburn, J. B. Reed, V. Reed, H. V. Reid, Stith, Thompson, Walsh, Wathen, Wilson, Young.

Amendment was rejected.

Representative Ockerman moved to amend SB 4 as follows:

Amend printed copy of SB 4 on page 2, section 1, line 15 by striking the punctuation mark "." immediately after the word "Statutes" and adding the following: "as a part of the highway system of the Commonwealth of Kentucky. The Department of Highways and said fiscal courts may provide in the said agreement or in separate agreements for the expenditure of any portion of the funds available to said county under the provisions of KRS 177.220 through KRS 177.380 for construction, reconstruction or maintenance of county roads to be returned to the counties for maintenance and such roads so agreed upon may be returned by the Department to the counties for maintenance".

Said amendment was rejected.

Representative Ockerman moved to amend SB 4 as follows:

Amend printed copy of SB 4 on page 2, section 2, lines 10 through 17 by striking the words beginning with the word "Highways" on line 10 through the word "Highways" on line 17 and inserting in lieu thereof the following: "highways or a system of rural roads in the Commonwealth of Kentucky. Any secondary or rural roads selected for construction, reconstruction or maintenance under this section shall become a part of the highway system of the Commonwealth of Kentucky and maintained by the Department of Highways as such".

Said amendment was rejected.

Representative Ockerman moved to amend SB 4 as follows:

Amend printed copy of SB 4 on page 3, section 3, line 3 by striking the words "is authorized to" and inserting in lieu thereof the word "shall".

Said amendment was rejected.

Representative Ockerman moved to amend SB 4 as follows:

Amend printed copy of SB 4 on page 3, section 3, line 6 by striking the words "to continue" and inserting in lieu thereof the words "and is authorized to make".

Said amendment was rejected.

SB 4 read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 48—Anderson, Bates, Baumgardner, Beshear, Billington, Blankenship, Burnley, Bush, Casey, Conrad, Cottengim, Davidson, Davis, Day, Everett, Griffin, Grigsby, Hadden, Hahn, Highland, Hill, Hilton, Holsclaw, C. S. Howard, Johnson, Kubale, McCallum, McFadden, Melton, Morgan, Mullins, Newsom, Pollitte, Qualls, Ratcliffe, Rayburn, J. B. Reed, V. Reed, H. V. Reid, Reynolds, Stith, Thompson, Walsh, Wathen, A. W. Wells, Wilson, Wirsch, Young. Nays 22—Breathitt, Breckinridge, Buchanan, Caudill, Flanery, Hawkins, Heyburn, Hislope, D. W. Howard, Lambert, Mackey, Martin, McKinney, Moore, Ockerman, Parrish, Peace, Ray, R. Reid, Sr., Searcy, Thomas, Williamson.

SB 4 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Anderson moved the rules be suspended for the purpose of introducing a Resolution. Agreed.

HR 16, by Representatives Anderson, Heyburn, Walsh, Miller, Barnum, Baumgardner, Ray, Qualls, Holsclaw, and Bridgers: A CONCURRENT RESOLUTION commending Central High School of Louisville upon the achievement of its basketball team in winning the 1956 national Negro high school championship.

WHEREAS, the basketball team of Central High School of Louisville finished the 1955-56 basketball season undefeated after having played the outstanding Negro teams in the nation; and

WHEREAS, the said Central High School basketball team has climaxed its season by winning its second straight national Negro high school basketball crown by defeating Douglass of Lexington in an all-Kentucky final game at Nashville, Tennessee; and

WHEREAS, the basketball team of Central High School took permanent possession of the Bernard J. Sheil Trophy, inasmuch as this years victory was Central's third championship since the trophy was donated in 1949; and

WHEREAS, Central High School of Louisville and University of Louisville, in one evening, returned two national championships to the City of Louisville; and

WHEREAS, by the combination of an undefeated regular season record and the winning of the national Negro high school basketball championship, the Central High School team has established itself as the outstanding Negro high school basketball team in the nation and brought further honor and glory to the Commonwealth of Kentucky as the basketball capital of the nation; and

WHEREAS, the accomplishments and the sportsman like conduct of the individual members of the said Central High School of Kentucky team has reflected the highest credit upon the citizens of the Commonwealth and its educational institutions;

NOW, THEREFORE,

Be it Resolved by the House of Representatives of the Commonwealth of Kentucky, the Senate concurring therein:

Section 1. That the House of Representatives and Senate of the Commonwealth of Kentucky do hereby express their commendation to the basketball team of Central High School of Louisville upon its undefeated regular season play and its winning of the national Negro high school basketball championship and permanent possession of the Bernard J. Sheil Trophy.

Section 2. That the Clerk of the House of Representatives cause copies of this Resolution to be presented to Dr. Atwood Wilson, Principal of Central High School, to Coach W. L. Kean and to each member of the victorious Central High School basketball team.

Representative Anderson moved adoption of **HR 16.** Adopted.

Representative Morgan moved that the House adjourn until 1:00 P.M., March 28, 1956. Agreed.

WEDNESDAY, MARCH 28, 1956

SEVENTEENTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend John C. Chenault of the First Christian Church, Frankfort.

The roll was called. All present except Anderson, Billington, Bridgers, Caudill, Embry, Freeman, Grigsby, Gullette, Harris, Heyburn, Hill, Jennings, Kubale, Lambert, Lowman, McFadden, Murphy, Nunnelley, Ray, Rayburn, Walsh, Wathen, and Weintraub, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for March 27, 1956, dispensed with and the same approved on motion of Representative Isler.

Report on Enrolled Bills

Committee on Enrollment reported that **SB 2**, **SB 3**, and **SB 4** had been examined and found correctly enrolled. Said bills read at length, compared, and signed in open session by the Speaker. Ordered delivered to the Senate.

Recess

Representative Morgan moved that the House do now recess for 20 minutes. Agreed. At the appointed hour, the Speaker resumed the Chair and called the House to order.

Senate Message

Senate Message announcing passage of **HB 1** with amendment, **HB 2** with amendment, **HB 3** with amendment, **HB 8**, and **HR 5** with title amendment.

Representative Morgan moved that the House concur in the following Senate amendment to **HR 5:**

Amend title of **HR 5** so it will read as the "Day-Ruh Resolution". **HR 5** with title amendment adopted.

Representative Morgan moved that the House concur in the following Senate amendment to **HB 2:**

Amend printed copy of **HB 2** on page 4, section 7, line 4 by deleting the word "section" and substituting in lieu thereof the word "act". Adopted.

Representative Morgan moved that the House concur in the following Senate amendment to **HB 2:**

Amend printed copy of **HB 2** on page 4, section 7, line 6 by deleting line 6 in its entirety and substituting in lieu thereof the following: "luggage, personal effects, farm products, farm supplies or farm equipment." Adopted.

Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 65—Barnum, Bates, Baumgardner, Beshear, Billington, Blankenship, Blue, Breathitt, Breckinridge, Burn-

ley, Bush, Carter, Casey, Conrad, Cottengim, Davis, Day, Dunsil, Everett, Farmer, Flanery, Greene, Griffin, Grundy, Hawkins, Heskamp, Highland, Hilton, Hinkle, Hislope, Holsclaw, C. S. Howard, Isler, Johnson, Mackey, Martin, McCallum, McKinney, Melton, Miller, Moore, Morgan, Mullins, Nunn, Parrish, Pollitte, Qualls, Ratcliffe, J. B. Reed, V. Reed, H. V. Reid, R. Reid, Sr., Reynolds, Saylor, Searcy, Sloan, Stith, Tanner, Thompson, Tinsley, A. W. Wells, L. B. Wells, Wilson, Wirsch, Young. Nays 0.

HB 2 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Report on Enrolled Bills

Committee on Enrollment reported that **HB 8** had been examined and found correctly enrolled. Said bill read at length, compared, and signed in open session by the Speaker. Ordered delivered to the Senate.

HB 8 delivered, signed by the President of the Senate. Ordered delivered to the Governor.

Senate Message

Senate message announcing passage of **HR 8, HR 13,** and **HR 14.**

Representative Morgan moved that the House concur in the following Senate amendment to **HB 1:**

Amend printed copy of **HB 1** on page 8, by adding immediately after Section 4 and before Section 5 the following, which shall constitute Section 4A:

"Section 4A. Section 138.470 of the Kentucky Revised Statutes is amended to read as follows:

There is expressly exempted from the tax imposed by KRS 138.460:

(1) Motor vehicles sold to the United States, to this state, to any city or other political subdivision of this state, or to any charitable, religious or educational institution of this state.

(2) Used motor vehicles registered or licensed in this state during the same or immediately preceding license period.

(3) Motor vehicles owned by a person bona fide domiciled in another state and used and licensed in that state by the owner during the same or immediately preceding license period.

(4) Motor vehicles of a common carrier, U-Drive-It or contract carrier upon which vehicle the tax imposed by KRS 281.810, 281.813, or 281.815, and a franchise tax, is paid by the owner. The owner shall be required to exhibit the tax receipt for such taxes for the same or immediately preceding license period."

HB 1 with amendment read at length. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 67—Barnum, Bates, Baumgardner, Beshear, Billington, Blankenship, Blue, Breathitt, Buchanan, Burnley, Bush, Carter, Casey, Conrad, Cornett, Cottengim, Davidson, Davis, Day, Dunsil, Embry, Everett, Farmer, Flanery, Greene, Griffin, Grundy, Hawkins, Heskamp, Highland, Hilton, Hinkle, Holsclaw, C. S. Howard, Isler, Johnson, Mackey, Martin, McCallum, McKinney, Melton, Miller, Moore, Mullins, Newsom, Nunn, Parrish, Pollitte, Qualls, Ratcliffe, J. B. Reed, V. Reed, H. V. Reid, R. Reid, Sr., Reynolds, Saylor, Searcy, Sloan, Stith, Tanner, Thompson, Tinsley, A. W. Wells, L. B. Wells, Wilson, Wirsch, Young. Nays 0.

HB 1 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Morgan moved that the House concur in the following Senate amendment to **HB 3:**

Amend printed copy of **HB 3** on page 16, section 16, line 7, by deleting the word "including" and substituting in lieu thereof the word "except". Rejected.

Representative Morgan moved the Clerk of the House inform the Senate that the House refuses to concur in amendment, and that the Senate rescind their action. Agreed.

Representative Morgan moved the House be at ease until a report is received on the Senate's action on rejected amendment to **HB 3.**

At the appointed hour, the Speaker resumed the Chair and called the House to order.

The Senate reported that they refuse to recede from their amendments. The Speaker appointed Representative Burnley, Bates, and Holsclaw as a Committee to confer with a like Committee from the Senate to seek an agreement.

Representative Morgan moved the House to be at ease for a Joint Committee Meeting of House and Senate members to reach an agreement on amendment to **HB 3.** Agreed.

At the appointed hour, the Speaker resumed the Chair and called the House to order.

Report on Enrolled Bills

Committee on Enrollment reported that **HB 1** and **HB 2** had been examined and found correctly enrolled. Said bills read at length, compared, and signed in open session by the Speaker. Ordered delivered to the Senate.

HB 1 and **HB 2** delivered, signed by the President of the Senate. Ordered delivered to the Governor.

Senate Message

Senate message announcing passage of **HR 16.**

Representative Morgan moved the House be at ease for a Joint Committee Meeting of House and Senate members to reach an agreement on **HB 3** amendment. Agreed.

At the appointed hour, the Speaker resumed the Chair and called the House to order.

Senate message announcing passage of **HB 3**; and **SR 12**; **SR 12** read by Clerk.

Representative Burnley reported that the Joint Conference Committee on **HB 3** had reached an agreement.

Representative Morgan moved that the report of the Joint Conference Committee on **HB 3** be accepted and said Committee be dismissed. Agreed.

Representative Morgan moved that the vote by which Senate Amendment 1 to **HB 3** was defeated be reconsidered. Agreed.

Representative Morgan moved that the House concur in the following Senate amendment to **HB 3:**

Amend printed copy of **HB 3** on page 16, section 16, line 7, by deleting the word "including" and substituting in lieu thereof the word "except". Adopted.

Representative Morgan moved that the House concur in the following Senate amendment to **HB 3:**

Amend printed copy of **HB 3** on page 16, section 16, line 14, by deleting line 14 in its entirety and substituting in lieu thereof the following: "or semi-trailers shall not be included in the term". Adopted.

Representative Morgan moved that the House concur in the following Senate amendment to **HB 3:**

Amend printed copy of **HB 3** on page 16, section 16, line 15, by adding a new section immediately following line 15 to be known as Section 16 (a) as follows: "Section 16 (a). Carriers and Motor Carriers engaged in the transporting and delivery of Motor Vehicles, including trailers and semi-trailers, by means of the full mount or truckaway methods on trailers or semi-trailers, or by towing the transported trailer or semi-trailer with a power unit, shall, on or before January 1, of each year, and as a condition precedent to the use of the highways, pay to the Department of Motor Transportation for the privilege of using the highways an annual excise tax on each motor vehicle so used at the rate of one-half of the scale of taxes imposed by KRS 281.810 (1) which taxes shall be in lieu of all other Motor Vehicle taxes except those imposed by KRS 186.050". Adopted.

Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 53—Bates, Baumgardner, Beshear, Billington, Blankenship, Buchanan, Burnley, Bush, Carter, Casey, Conrad, Cottengim, Davidson, Davis, Day, Dunsil, Embry, Everett, Farmer, Fitzpatrick, Flanery, Greene, Griffin, Grundy, Hawkins, Heskamp, Hilton, Hislope, Holsclaw, C. S. Howard, Isler, Johnson, Martin, McCallum, McKinney, Melton, Miller, Morgan, Mullins, Newsom, Nunn, Pollitte, Qualls, J. B. Reed, V. Reed, H. V. Reid, Reynolds,

Searcy, Sloan, Stith, Thompson, L. B. Wells, Wirsch. Nays 3—Breckinridge, Hinkle, Ockerman.

HB 3 with amendments was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Committee to Wait on Governor

Representative Morgan moved that the Speaker appoint a Committee to join a similar Committee from the Senate to wait upon the Governor to notify him that the business of the House had been concluded and to inquire if he has further business to communicate. Agreed.

The Speaker appointed the following committee: Representatives Wirsch, Isler, Burnley, Thompson, and Hilton.

Report on Enrolled Bills

Committee on Enrollment reported that **HB 3** with amendments had been examined and found correctly enrolled. Said bill read at length, compared, and signed in open session by the Speaker. Ordered delivered to the Senate.

HB 3 with amendments delivered, signed by the President of the Senate. Ordered delivered to the Governor.

Representative Burnley, on behalf of the Committee, reported that the Governor had been informed of the message from the House and that the Governor consented to the adjournment of this Extraordinary Session. The Governor instructed the Committee to notify the members of his call for the Third Extraordinary Session, and to deliver the official proclamation calling for such Third Extraordinary Session.

Representative Morgan moved that the House concur in **SR 12.**

SR 12: A CONCURRENT RESOLUTION providing for sine die adjournment of the Second Extraordinary Session of the General Assembly, 1956.

Be it resolved by the Senate of the Comomnwealth of Kentucky, the House of Representatives concurring therein:

That when the Senate and House of Representatives adjourn on March 28, 1956, they do adjourn sine die.

SR 12 was adopted.

Representative Young moved that the House adjourn sine die. Agreed.

The Journal of the House has been read, compared and approved. The House adjourned sine die.

APPROVED:

(Signed) THOMAS P. FITZPATRICK, Speaker

ATTEST:

(Signed) JAMES C. CUBBAGE, Chief Clerk

JOURNAL

OF THE

House of Representatives

OF THE

COMMONWEALTH OF KENTUCKY

THIRD EXTRAORDINARY SESSION OF 1956

Held in the State Capitol in the Capital City of Kentucky, at
Frankfort, in the Year of Our Lord 1956 and
in the One Hundred and Sixty-Fourth
Year of the Commonwealth

Begun on the Twenty-ninth Day of March, 1956, and Adjourned
Sine Die on the Sixth Day of April, 1956

JOURNAL OF THE SESSION
OF THE
HOUSE OF REPRESENTATIVES
OF THE COMMONWEALTH OF KENTUCKY

THIRD EXTRAORDINARY SESSION OF 1956

THURSDAY, MARCH 29, 1956
FIRST LEGISLATIVE DAY

At an Extraordinary Session of the General Assembly of the Commonwealth of Kentucky, held at the Capitol in the City of Frankfort, and begun on March 29, 1956, and in the one hundred and sixty-fourth year of the Commonwealth, in compliance with a proclamation issued by the Governor of the Commonwealth, the House of Representatives was called to order by the Honorable Thomas P. Fitzpatrick, Speaker of the House of Representatives.

Prayer by the Reverend E. W. Baxter of the Episcopal Church, Frankfort.

The roll was called. All present except Anderson, Barnum, Bates, Billington, Blue, Breckinridge, Buchanan, Caudill, Cornett, Embry, Farmer, Gay, Grigsby, Grundy, Gullette, Harris, Hill, Clyde S. Howard, Durham W. Howard, Lambert, Lowman, Martin, McFadden, Melton, Moore, Nunnelley, Ockerman, Peace, Qualls, Rayburn, John B. Reed, Vernon Reed, Reynolds, Saylor, Sloan, Stith, Tanner, Thomas, Tinsley, Wathen, Weintraub, and Williamson, who were granted leaves of absence on motion of Representative Morgan.

The Clerk read the following proclamation:

I, THELMA L. STOVALL, Secretary of State for the Commonwealth of Kentucky, do certify that the foregoing writing has been carefully compared by me with the original record thereof, now in my official custody as Secretary of State and remaining on file in my office, and found to be a true and correct copy of the Proclamation by the Governor of the Commonwealth of Kentucky, proclaiming the convening of the General Assembly of Kentucky in Extraordinary Session at the seat of government at Frankfort, Kentucky, at 11:00 o'clock A.M., on Thursday, March 29th, 1956.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal.
Done at Frankfort this 29th day of March, 1956.
(Signed) THELMA L. STOVALL
Secretary of State, Commonwealth of Kentucky

(SEAL)

PROCLAMATION BY THE GOVERNOR OF THE COMMONWEALTH OF KENTUCKY

TO ALL TO WHOM THESE PRESENTS SHALL COME:

WHEREAS, the budgetary needs of the government have not yet been fully determined by the General Assembly of the Commonwealth of Kentucky; and

WHEREAS, such budgetary needs must be determined before the amount of revenue to meet such needs can be ascertained;

NOW, THEREFORE, in order to determine the budgetary needs of government, and according to the power vested in me by the Constitution of Kentucky to convene the General Assembly into Extraordinary Session, I do hereby issue this, my proclamation, convening the General Assembly of Kentucky in Extraordinary Session at the seat of government at Frankfort, Kentucky at 11:00 o'clock AM, on Thursday, March 29, 1956, for the sole purpose of considering the following subject:

(1) To make appropriations for the support of government and thereby fix the budgetary requirements of the government of the Commonwealth of Kentucky.

You will, therefore, in accordance with this proclamation, assemble in Extraordinary Session at the seat of government at Frankfort, Kentucky, on the day and date above written, to consider the subject herein mentioned and only said subject.

Done at Frankfort, Kentucky this 28th day of March in the year of our Lord, one thousand nine hundred and fifty-six, and in the year of the Commonwealth, the one hundred and sixty-fourth.

(Signed) A. B. CHANDLER, Governor

(SEAL)

(Signed) Thelma L. Stovall
Secretary of State

Introduction of Resolutions

HR 1, by Representative Morgan: A RESOLUTION adopting rules to govern the Third Extraordinary Session of the 1956 General Assembly.

Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky:

That the rules of the House of Representatives of the 1956 Regular Session of the General Assembly be adopted as the Rules of the

House of Representatives of the Extraordinary Session of the General Assembly convened on March 29, 1956.

Representative Morgan moved adoption of **HR 1.** Adopted.

HR 2, by Representative Morgan: A RESOLUTION notifying the Senate and the Governor that the House of Representatives is organized.

Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky:

That the Speaker of the House of Representatives be authorized and directed to appoint a committee of seven members to notify the Senate that the House of Representatives is organized and ready for business, and that this committee meet with a like committee to be appointed by the President of the Senate, and that said joint committee then call on the Governor of the Commonwealth of Kentucky to notify him that this General Assembly is duly organized and ready to receive any message that he may desire to deliver, his fixing the time and place.

Representative Morgan moved adoption of **HR 2.** Adopted.

Appointment of Committee

The Speaker appointed the following Committee pursuant to **HR 2:** Representatives Lynn B. Wells, Breathitt, Thompson, Newsom, Dunsil, Miller, and Heskamp.

Joint Session

The Committee appointed to wait upon the Governor reported that the Governor was ready to address a Joint Session of the General Assembly.

The Senate entered upon the floor of the House and the Honorable Harry Lee Waterfield, Lieutenant-Governor and President of the Senate, assumed the Chair and called the Joint Session to order.

Prayer by the Reverend E. W. Baxter of the Episcopal Church, Frankfort.

Representative Morgan moved that the roll call be dispensed with. Agreed.

The Committee appointed to wait upon the Governor appeared with His Excellency, Albert B. Chandler, Governor of the Commonwealth of Kentucky, who took his place at the Clerk's desk.

The Governor addressed the General Assembly as follows:

ADDRESS OF GOVERNOR A. B. CHANDLER TO THE THIRD EXTRAORDINARY SESSION OF THE GENERAL ASSEMBLY
MARCH 29, 1956

Governor Waterfield, Mr. Speaker Fitzpatrick, Members of the General Assembly:

I want you to know how grateful I am for your patience and consideration looking toward implementing the program which the

people of Kentucky endorsed last year. Especially do I value your cooperative spirit in permitting the budget deadline to be changed thereby affording me an opportunity to submit a comprehensive well-thought-out plan for the operation of state government during the coming biennium. I hope you will agree that the total appropriation proposals I am presenting constitute a good budgetary expenditure program. I hope too that, as you examine the budget document, you will consider it an over-all plan and will avoid viewing any expenditure as an isolated item.

More than three weeks ago, I directed the Commissioner of Finance to have ready on April 2 the budget document and the draft of the general appropriation bill. That plan will be carried out. In order that you may have the best possible chance to consider the total program previous to a review of the specific details, I am taking this opportunity of presenting the highlights of the recommendations which I shall submit in more detail on Monday.

The basic policy that I recommend is one of progressive economy. It centers special stress on the education of Kentucky's young people.

In this message, I shall outline the important changes in policy in such a way that you may be aware of the approach which I am proposing and my reasons for this. Let me consider first the proposed program of education, which looks toward a fuller life for our young people. An investment in our young Kentuckians now will prevent expenditures in future years because of dependency.

Education is expensive. More than half of all local taxes are spent for local public schools. In addition, the state government in 1954 distributed nearly 32,000,000 dollars in state aid to education. Nevertheless, the people of this Commonwealth decided that even that amount was not enough. You, as the people's representatives, enacted the school foundation program. To carry out my campaign promise to finance that program fully, I am recommending to you a general fund appropriation of over 54 million dollars for the first year and over 57 million dollars for the second year of the biennium. The increases over this year's expenditures are 19¼ million and 22¼ million dollars respectively. Forty-seven percent of the general fund budget will be devoted to the support of our common schools through the foundation program.

Immediately after my inauguration, I instructed our budget people to review with the education folks the estimates for full implementation of the foundation program. After much consultation and hard work the Departments of Finance and Education agreed completely that the figures which I am presenting represent full financing of the program, even though the amount is better than 8 million dollars below previously published estimates for the biennium.

The proposed plan means that, for the first time in our history, Kentucky fathers and mothers can expect for every child a fair chance at an education, that our teachers can get a decent wage and an in-

centive to better their qualifications, that school transportation will be reasonably safe, and that school buildings will begin to meet modern standards.

For the support of the teachers' retirement system during the next two years, I recommend $8,356,705. The appropriation during the current biennium was $3,822,000, or less than half that amount. The increase is due primarily to the higher teachers' salaries that result from full implementation of the foundation program and to an advance in the average age of our teachers. This also represents the fulfillment of my pledge to finance fully the retirement system including the Commonwealth's obligation for "prior service." Taken together the fully financed foundation program and the fully financed teachers' retirement system will make teaching in Kentucky a far more attractive profession than it has ever been before. We will be better able to hold the fine teachers we have and to attract additional young people to the task of educating our children.

My proposals for vocational education mean increased emphasis on all of the present programs and, in addition, the initiation of certain new programs. One of the new undertakings is a program of vocational guidance in our high schools. An economic development plan for rural areas is to be carried out in cooperation with the Agricultural Marketing Service, the Farm Credit Administration, the Agricultural Extension Service, and numerous other public agencies. Vocational instruction of adults in trades and industries, agriculture, and home economics under this plan will cost $50,000 a year and will be aimed at assisting the economically depressed areas of the state to "pull themselves up by their own bootstraps." In addition to these new programs, funds are recommended for the training of vocational teachers and for staffing new facilities at our vocational schools.

Another phase of the proposed budget, for the first time in recent years, would provide a sufficient appropriation to enable Kentucky to receive the maximum support available from the federal government's contribution of about two dollars for one state dollar for vocational rehabilitation. This will provide increases for counseling services and medical and educational assistance to the physically or mentally disabled.

The state program for handicapped children, such as those afflicted with emotional disturbances and with cerebral palsy, has had my careful consideration; and I am proposing support of this work through established agencies. Conference with administrators convinces me that, before our commitments in this area are much enlarged, we need to articulate the parts of our present program and to plan gradual and economical enlargements if they are justified. You may wish to ask that the Legislative Research Commission explore the programming problem on a modest scale. Meantime, the administration will assure interdepartmental consultation. If it is found to be

justified, I am ready, with your help, to make emergency grants for further support of the rehabilitation of unfortunate children.

While most of us are keenly aware of the needs for an adequate program for elementary and secondary education, all too few of us show equal concern for higher education. I believe that my budget recommendations will put me on record as a strong supporter of a foundation program for higher education as well as for the common school system.

The budget that I submit to you is based on a formula which assures fair treatment to all of our five state colleges. The formula was developed jointly by the college presidents and the Department of Finance. The recommended appropriations will take care of the increased enrollments, which are already setting records, and will allow salary adjustments to meet minimum standards. Increases in the five colleges other than the University amount to $777,775 the first year of the biennium and $1,124,260 the second year, or a total of $1,902,035 for the biennium.

An increase of $1,374,150 is proposed in the budget for the Division of Colleges in the University of Kentucky to finance increased enrollments and salary adjustments. For the Agricultural Experiment Station I include an increase of $123,400 each year for operating costs. After the University estimates had been made and agreed upon with University officials, our Kentucky farmers will be happy to learn that dairymen of the state convinced us that we should make a further provision for the purchase of $100,000 worth of dairying processing equipment for the University in the fiscal year 1956-57. I recommend an increase of $144,650 per year in the extension division budget for paying county agents and supporting related activities.

I am proud to present another aspect of the recommended support for higher education. I refer to the medical education plan which we must implement. It really is more than an education program. In fact, it is a major phase of a basic long-range plan for the protection of the health of our Kentucky people. There are three distinct areas of emphasis. First, we must build a medical school at the University of Kentucky. The construction should proceed at such a pace that the first class can start in September, 1959. Second, we must increase support of the medical school at the University of Louisville. Third, we must provide increased appropriation for the rural medical scholarship fund.

Large sections of Kentucky are in such dire need of doctors as to be classified as critical. Many of the state's children cannot expect medical care even in emergency cases. The program which I recommend for medical education is designed to provide opportunities for Kentucky students who want a medical education and for Kentucky citizens who need medical care.

When proposed general fund appropriations for the school foundation program, the teachers' retirement system, the University and the

five colleges, including the university medical school, and the rest of our educational system are added together, they constitute nearly 62 per cent of the general fund total. The total for the biennium amounts to $153,427,830.

Emphasis on education does not mean neglect of health, welfare, mental health, and agriculture. On the contrary, I recommend progressive programs in all these areas.

In the budget plan which I submit to you, I propose the largest increase which the mental health program has ever received — from $10,225,000 during the present biennium to $13,986,400 during the 1956-58 biennium, a boost of $3,761,400. I was impressed with the mental health advances in Kansas which Dr. Menninger described to us some weeks ago. Although that state began its emphasis on modern treatment, rather than mere custody, of the mentally ill long after I initiated such a plan in Kentucky, Kansas has outstripped us by long odds during the subsequent years. Indeed, our mental health programs fall far short of those of our neighbors. My budget proposal for the Department of Mental Health is based primarily on plans for stepping up the treatment, rather than mere custody, of mental patients generally. Provision is also made for the Department of Mental Health to equalize staffs at the several institutions so that doctors, psychiatrists, psychologists, and other professional and technical people, may be provided on the same basis for every hospital. For the first time we would provide for constructive treatment for the 287 tubercular patients now in our mental hospitals. The proposed budget for mental health will provide tuberculosis treatment according to the same standards, save for housing, as is provided in our state tuberculosis hospitals, which are considered to be among the best in the nation.

Closely akin to the proposals for mental health is the tuberculosis program of the state and county governments. In my recommendations I have provided for an expansion in the number of beds available in the state tuberculosis program. This will make it possible for 160 additional tubercular patients to be treated each year. In addition, the proposed budget will provide for doubling the state's surgical facilities. It is the lack of these which is the most serious single problem facing the tuberculosis program today. The better provisions for surgical treatment will not only benefit the patients treated but, by expediting their use, will release precious hospital space for new cases.

The state grant for Waverly Hills Tuberculosis Sanatorium in Louisville will be increased from $400,000 to $500,000 for the biennium. Sufficient funds are recommended for the other county tuberculosis sanatoria to permit payment of three dollars per day for each indigent patient treated.

As I stated earlier, the executive budget places special emphasis on provisions for handicapped persons. I have already discussed the

proposed advances in rehabilitation and in mental and tubercular treatment, but there are also included other services to the handicapped. By handicapped people I mean those with physical, mental, or economic problems. The expense resulting from repeal of the lien law, which was a burden on some of our older people, is included in this proposed budget; so is the cost of our program for assistance to the totally and permanently disabled. These two programs along with the full continuation of all aspects of present public assistance assure many unfortunate Kentuckians that they need not bear their burdens in silence and alone.

But we have not considered one of the greatest of the handicapped groups; that is, the criminals. It may well be that many of the criminals we have in our institutions were not handicapped in any way—perhaps they simply chose a life of crime. A great number, however, were handicapped by Kentucky's lack of modern over-all program for the rehabilitation of the unfortunate young man or woman who made his or her first mistake. The state and the courts may not have provided an opportunity for probation. When such a person served a first term, the state may not have provided general educational or vocational rehabilitation opportunities for him. When he was paroled, the state may not have provided proper guidance and supervision. As a part of my budget, I propose a comprehensive program for corrections, including the financing of a model probation and parole plan, improving the facilities in the various correctional institutions, and providing additional educational and rehabilitative programs in institutions for both the adult and the juvenile.

Another function upon which I have placed emphasis is agriculture, a way of life most basic to our economy in Kentucky. You will recall that, in reviewing the support of the University of Kentucky, I included recommendations for added appropriations for the Agricultural Experiment Station, for Agricultural Extension, and for dairy-processing equipment for training and demonstration purposes. In addition to these proposals, I am recommending a $700,000 biennial appropriation to the Department of Agriculture for a program to fight brucellosis. This program is designed to eradicate this dread disease from Kentucky by 1960. My recommendation represents an increase of $580,000 for the biennium over the present brucellosis program.

Another area of agricultural emphasis in my budget is in the Department of Economic Development, successor to the Agricultural and Industrial Development Board. The recommended budget includes provisions for setting up a division of agricultural development within the department and for providing, in addition to the administrative cost of this division, a $25,000 a year fund for specific agricultural projects. This program is designed to help the farmer develop new markets and find additional products for present markets.

In addition to this, the recommended budget includes provision for increased fire control coverage of more than 459,000 acres of the

state's timberland. It also provides for a nursery to be operated for the benefit of agriculture and conservation and to be used as a means for rehabilitation of the youth in the corrections program of the Department of Welfare.

All of the emphasis which I have described has occurred in the education, health, welfare, and agriculture programs. While these programs represent virtually all of the added appropriations which I am recommending, there are two agencies within the so-called general government for which I am proposing increases. These agencies are the Department of Public Safety and the Auditor of Public Accounts. My recommendation for the Division of State Police will add 105 troopers to the number of officers, an increase of 65 percent in the number assigned to full time road patrol. Even with this increase, our roads will not be patrolled adequately.

The Auditor of Public Accounts is an office which, if properly staffed, can save the state thousands of dollars in its influence on the performance and record keeping of other state and county agencies. My budget recommendation includes provision for an expansion of the number of auditors by about 75 per cent.

As I have stated on many occasions, it is my intention to reduce spending in any area where it is possible. My budget includes several such reductions. The Departments of Public Relations, Alcoholic Beverage Control, Motor Transportation, Insurance, and Aeronautics show sizeable reductions. In addition to this, the State Property and Buildings Commission administrative functions, which will be assumed by the Department of Finance on July 1, under the reorganization measure you have already adopted, will be carried out at a reduced administrative cost of about 40 per cent.

The budgetary provision for capital outlay is inadequate for lack of money. I am recommending a general fund appropriation of $6,258,211 the first year of the biennium and $5,030,506 the second year of the biennium, including the construction cost of the medical school which was mentioned previously. These funds will be needed to finance the building of facilities for the welfare institutions, the tuberculosis hospitals, the mental health institutions, the county health units, institutions of higher education, and all of the other agencies of state government which may be allocated construction funds. Many times this amount could be used wisely for the state.

One other recommendation for expenditures is that which will finance the employees' retirement system passed by the Regular Session of the General Assembly. This program will require approximately $550,000 a year from the general fund, but will more than pay for itself in the long run due to increased tenure of the efficient state employees.

My recommendations include adequate provisions for meeting the state's revenue debt requirements. When I assumed office last December, I found a deficit of about $77,000, which had gradually

accumulated in the required reserve funds for New Capitol Annex debt service. Because this debt service must be met and the state's credit protected, I make provision for eliminating this deficit and for building up a surplus sufficient to guarantee that Kentucky will not default on her revenue bond debt. The budget document I submit to you contains an explanation of the specific plans for meeting the New Capitol Annex debt requirements. Also included is a schedule of all the state's outstanding revenue bonds.

You will recall that I requested from you, and was granted, a current-year appropriation of $2,100,000 to my emergency fund to meet some needs that could not be deferred until July 1. The most important project being financed with the appropriation is completion of the New State Fairgrounds, estimated to require an additional $1,450,000. You have placed the administration in a position to protect the creditors on this project, who have advanced $6,000,000.

A budget is a comprehensive financial plan for the operation of government. It provides not only for the expenditures during the budget period but also for means of financing these expenditures by revenue. My remarks thus far have considered only expenditure proposals and have not presented specific revenue plans. By the time you have finished with appropriation legislation, I shall be prepared to submit a comprehensive tax program to an extraordinary session of the General Assembly for the purpose of meeting revenue requirements. I shall leave the revenue part of this budget message for presentation to the anticipated revenue session of the General Assembly.

In conclusion, I will summarize the budget in terms of total costs by function and by sources of funds.

General Fund:	1956-57	1957-58
General Government	$ 11,229,208	$ 11,866,987
Welfare	30,051,191	30,837,127
Education (Includes Medical School)	74,477,510	78,950,320
Agriculture & Conservation	1,823,880	1,805,060
Other (not including Medical School)	4,768,211	2,540,506
Total	$122,350,000	$126,000,000
Road Fund	69,010,000	70,350,000
Trust and Agency Fund	92,573,538	94,032,408
Grand Total	$283,933,538	$290,382,408

Representative Morgan moved that the Joint Session of the General Assembly do now dissolve. Agreed.

The Speaker resumed the Chair and called the House to order.

Introduction of Resolutions

HR 3, by Representative Hahn: A RESOLUTION adjourning in memory of the late Otto A. Rothert, recorder and publisher of Kentucky history.

Representative Morgan moved that the House adjourn until 8:00 P.M., April 2nd. Agreed.

MONDAY, APRIL 2, 1956

FOURTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend E. W. Baxter of the Episcopal Church, Frankfort.

The roll was called. All present except Bates, Blue, Breathitt, Carter, Caudill, Conrad, Greene, Hadden, Hawkins, Hill, Hislope, McCallum, Melton, Murphy, Nunn, Nunnelley, Qualls, Rayburn, John B. Reed, Sloan, Stith, Tanner, Weintraub, Lynn B. Wells, and Young, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for March 29, 1956, dispensed with and the same approved on motion of Representative Isler.

Motions

Representative Lowman, seconded by Representative Bridgers, made the following motion:

"I move that House Rule Number 35 be suspended during this Third Extraordinary Session and that the House of Representatives sit as a committee of the whole to consider all bills introduced during this Third Extraordinary Session and that the Director of Finance be requested, and if necessary, subpoenaed, to appear before the House sitting as Committee of the Whole to give testimony concerning the current Budget and concerning the proposed means by which it is to be financed as is provided for in KRS 45.040 subsection (3)."

On roll call, the vote was yeas 32—Anderson, Barnum, Baumgardner, Breckinridge, Bridgers, Cornett, Farmer, Freeman, Griffin, Grundy, Hahn, Heyburn, Highland, D. W. Howard, Lambert, Lowman, Mackey, Martin, McKinney, Miller, Moore, Mullins, Ockerman, Peace, Ratcliffe, Ray, R. Reid, Sr. Reynolds, Thomas, Walsh, Williamson, Wilson. Nays 38—Beshear, Billington, Blankenship, Burnley, Bush, Casey, Cottengim, Davidson, Davis, Day, Dunsil, Embry, Everett, Flanery, Grigsby, Gullette, Harris, Hilton, Hinkle, Holsclaw, C. S. Howard, Isler, Jennings, Johnson, Kubale, Morgan, Newsom, Parrish, V. Reed, H. V. Reid, Saylor, Searcy, Thompson, Tinsley, Wathen, A. W. Wells, Wirsch, Fitzpatrick.

Motion was rejected.

Introduction of Bills and Resolution

HB 1, by Representative Morgan: AN ACT relating appropriations for the operation, maintenance, support and functioning of the Government of the Commonwealth of Kentucky and its various officers, departments, boards, institutions, subdivisions, agencies and other state supported activities.

HB 2, by Representative Conrad: AN ACT relating to primary elections.

HR 4, by Representative Morgan: A CONCURRENT RESOLUTION expressing appreciation of the General Assembly for the efforts of the joint committees on Welfare Investigation and Insurance Investigation and authorizing expenses for each member.

Recess

Representative Morgan moved that the House do now recess for a Rules Committee Meeting. Agreed. At the appointed hour, the Speaker resumed the Chair and called the House to order.

Representative Morgan moved that the rules be suspended for a Committee Report. Agreed.

Report of Committee

Committee on Rules reported **HB 1** and **HR 4** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

HB 1: AN ACT relating to appropriations for the operation, maintenance, support and functioning of the Government of the Commonwealth of Kentucky and its various officers, departments, boards, institutions, subdivisions, agencies and other state supported activities.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

PART ONE

There is hereby appropriated out of the General Expenditure Fund, including any surplus cash balance to the General Expenditure Fund as of June 30, 1956, for the fiscal year beginning July 1, 1956 and ending June 30, 1957, and for the fiscal year beginning July 1, 1957, and ending June 30, 1958, the following sums for the following officers, departments, boards, commissions, institutions, and subdivisions of the State Government, and any and all other agencies of the State Government of the Commonwealth of Kentucky subject to the provisions of Chapters 12, 42, and 45 of the Kentucky Revised Statutes, for which a specific appropriation is in Part One listed, as follows:

I. GENERAL GOVERNMENT

1. LEGISLATIVE

A. *Legislative Sessions*
1957-58 ---------- $501,790

B. *Legislative Research Commission*
1956-57 ---------- $90,000
1957-58 ---------- $91,000

C. *Legislative Journals and Acts.* For preparing, indexing, editing, and printing the Journals and Acts of the General Assembly. Any unexpended balance at the end of the first fiscal year of the biennium shall be carried over to the second year,

1956-57 ..... $30,000
together with any unexpended balance available on June 30, 1956.
1957-58 ..... $20,000

D. *The Council of State Governments*
1956-57 ..... $9,375
1957-58 ..... $9,375

E. *Statute Revision and Administrative Regulations*
1956-57 ..... $41,500
1957-58 ..... $47,500

TOTAL—LEGISLATIVE
1956-57 ..... $170,875
1957-58 ..... $669,665

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2. LIEUTENANT GOVERNOR

A. *Office of the Lieutenant Governor*
1956-57 ..... $15,000
1957-58 ..... $16,000

B. *Operation of Old Governor's Mansion*
1956-57 ..... $4,750
1957-58 ..... $4,750

TOTAL—LIEUTENANT GOVERNOR
1956-57 ..... $19,750
1957-58 ..... $20,750

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3. JUDICIARY

A. *Court of Appeals.* For normal recurring operating costs of Court of Appeals, including salaries of judges and commissioners.
1956-57 ..... $233,500
1957-58 ..... $234,700

B. *Clerk of Court of Appeals*
1956-57 ..... $33,975
1957-58 ..... $34,400

C. *Judicial Council*
1956-57 ..... $17,500
1957-58 ..... $17,500

D. *Circuit Courts.* For salaries and expenses of circuit judges.
1956-57 ..... $490,400
1957-58 ..... $490,400

E. *Circuit Judges' Retirement System.* For administering and complying with the obligations of the State under the Circuit Judges' Retirement System Act, namely, KRS 23.300 to 23.380.
1956-57 ..... $8,700
1957-58 ..... $8,700

F. *State Law Library*
1956-57 ..... $33,300
1957-58 ..... $33,630

Subject to provisions of KRS Chapter 45 the financial administration of the above appropriations may, by order of the Court of Appeals be committed in whole or in part to an officer designated by the Court during the pleasure of the Court. The cost of the office may be apportioned among the above appropriations as directed by the Court. The officer may perform such other administrative functions for the Court of Appeals and the Circuit Courts as the Court may direct.

TOTAL—JUDICIARY
1956-57 ..... $817,375
1957-58 ..... $819,330

4. EXECUTIVE DEPARTMENT

A. *Governor's Office*
1956-57 ..... $62,500
1957-58 ..... $62,500

B. *Contingent Fund*
1956-57 ..... $10,000
1957-58 ..... $10,000

C. *General Emergency Fund.* For meeting expenses deemed emergencies by the Governor, and to be expended by the Governor in his discretion for any emergency that he may determine requires the expenditure of any part of said fund. Any unexpended balance at the end of the first fiscal year of the biennium shall be carried over to the second year,
1956-57 ..... $500,000
1957-58 ..... $500,000

TOTAL—EXECUTIVE DEPARTMENT
1956-57 ..... $572,500
1957-58 ..... $572,500

5. SECRETARY OF STATE

A. *Secretary of State*
1956-57 ..... $59,873
1957-58 ..... $60,442

6. DEPARTMENT OF LAW

A. *Attorney General*
1956-57 ..... $117,600
1957-58 ..... $119,000

7. DEPARTMENT OF TREASURY

A. *State Treasurer*
1956-57 ..... $83,980
1957-58 ..... $78,605

8. AUDITOR OF PUBLIC ACCOUNTS

A. *Auditor of Public Accounts*
1956-57 ..... $87,000
1957-58 ..... $87,000

9. DEPARTMENT OF FINANCE

A. *General Operations.* To be used for the Office of the Commissioner, the Division of Accounts, Division of the Budget, Division of Purchases, and for the administrative functions transferred to the Department of Finance by House Bill No. 1, First Extraordinary Session 1956. An amount not exceeding ten thousand dollars may be transferred to the Division of Services if the Commissioner of Finance deems it necessary in order to administer the provisions of House Bill No. 1, First Extraordinary Session 1956.

1956-57 ..... $565,265
1957-58 ..... $555,050

B. *Confederate Pensions*

1956-57 ..... $15,000
1957-58 ..... $13,500

C. *Paper for Election Ballots*

1956-57 ..... $10,000
1957-58 ..... $10,000

D. *Division of Services.* For general operations.

1956-57 ..... $338,530
1957-58 ..... $337,720

E. *Division of Services.* For operation of the Executive Mansion.

1956-57 ..... $28,610
1957-58 ..... $28,610

TOTAL—DEPARTMENT OF FINANCE

1956-57 ..... $957,405
1957-58 ..... $944,880

10. DEPARTMENT OF PERSONNEL

A. *Department of Personnel*

1956-57 ..... $72,075
1957-58 ..... $71,250

11. DEPARTMENT OF REVENUE

A. *General Operations*

1956-57 ..... $1,333,100
1957-58 ..... $1,349,100

The balance of the funds included herein for functions now performed by the Department of Revenue, but which functions will be transferred to the Department of Public Safety on September 1, 1956, pursuant to House Bill No. 1, First Extraordinary Session of 1956, shall be transferred to the Department of Public Safety on September 1, 1956.

B. *Reappraisals*

1956-57 ..... $75,000
1957-58 ..... $75,000

Any unexpended balance at the end of the 1956-57 fiscal year shall carry forward to the 1957-58 fiscal year.

C. *County Tax Commissioners*
1956-57 ..... $1,190,000
1957-58 ..... $1,215,000

TOTAL—DEPARTMENT OF REVENUE
1956-57 ..... $2,598,100
1957-58 ..... $2,639,100

12. ELECTIONS

A. *Board of Election Commissioners*
1956-57 ..... $1,700
1957-58 ..... $1,700

B. *Board of Registration and Purgation*
1956-57 ..... $9,100
1957-58 ..... $3,200

C. *Elections.* For County Elections (State Share).
1956-57 ..... $170,000
1957-58 ..... $170,000

TOTAL—ELECTIONS
1956-57 ..... $180,800
1957-58 ..... $174,900

13. DEPARTMENT OF MILITARY AFFAIRS

A. *Adjutant General*
1956-57 ..... $155,000
1957-58 ..... $162,000

B. *Armories—Rental*
1956-57 ..... $121,720
1957-58 ..... $121,720

C. *Repairs to Armories*
1956-57 ..... $33,000
1957-58 ..... $39,000

TOTAL—DEPARTMENT OF MILITARY AFFAIRS
1956-57 ..... $309,720
1957-58 ..... $322,720

14. KENTUCKY DISABLED EX-SERVICE MEN'S BOARD

A. *Kentucky Disabled Ex-Service Men's Board.*
1956-57 ..... $121,800
1957-58 ..... $122,700

15. DEPARTMENT OF PUBLIC SAFETY

A. *Department of Public Safety*

1956-57 ----------All money made transferable to it by this Act for performing the functions provided for in House Bill No. 1, First Extraordinary Session 1956.

1957-58 ----------All money made transferable to it by this Act for performing the functions provided for in House Bill No. 1, First Extraordinary Session 1956.

16. DEPARTMENT OF STATE POLICE

A. *Department of State Police*

1956-57 ----------$200,000

1957-58 ----------$200,000

The balance of the funds included herein for functions now performed by the Department of State Police, but which functions will be transferred to the Department of Public Safety on September 1, 1956, pursuant to House Bill No. 1, First Extraordinary Session 1956, shall be transferred to the Department of Public Safety on September 1, 1956.

17. DEPARTMENT OF AERONAUTICS

A. *Department of Aeronautics*

1956-57 ----------$94,000

1957-58 ----------$94,000

18. DEPARTMENT OF ECONOMIC DEVELOPMENT

A. *General Operations*

1956-57 ----------$202,600

1957-58 ----------$198,700

B. *Mineral Survey*

1956-57 ----------$42,000

1957-58 ----------$42,000

C. *Topographic Mapping*

1956-57 ----------$4,000

1957-58 ----------$4,000

D. *Water Resources Survey*

1956-57 ----------$96,000

1957-58 ----------$96,000

E. *Agricultural Development Research*

1956-57 ----------$25,000

1957-58 ----------$25,000

TOTAL—DEPARTMENT OF ECONOMIC DEVELOPMENT

1956-57 ----------$369,600

1957-58 ----------$365,700

19. DEPARTMENT OF BUSINESS REGULATIONS

A. *Division of Athletic Control*

1956-57 ----------$6,700

1957-58 ----------$6,700

20. DEPARTMENT OF INDUSTRIAL RELATIONS

A. *Department of Industrial Relations.* For general operations other than the Workmen's Compensation Board.

1956-57 ..... $105,300
1957-58 ..... $107,800

21. DEPARTMENT OF MINES AND MINERALS

A. *Department of Mines and Minerals*

1956-57 ..... $250,430
1957-58 ..... $258,730

22. RAILROAD COMMISSION

A. *Railroad Commission*

1956-57 ..... $30,750
1957-58 ..... $31,100

23. DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

A. *Department of Alcoholic Beverage Control*

1956-57 ..... $220,000
1957-58 ..... $220,000

24. APPROPRIATIONS NOT OTHERWISE CLASSIFIED

A. *Money Refunded.* For refunding money paid into the State Treasury, which may be later determined not to be a lawful collection by the State. No money shall be refunded, however, after it has been paid into the State Treasury except by authority of the head of the department or agency to whom the money was originally paid and the approval of the Commissioner of Finance.

1956-57 ..... The Amount Necessary
1957-58 ..... The Amount Necessary

B. *Bonds of Elective Officers.* For payment of premiums on bonds of elected State Officials who are required by law to execute bonds to the Commonwealth of Kentucky, the payment of which is incumbent upon the State,

1956-57 ..... $1,300
1957-58 ..... $1,300

C. *Judgments.* For payment of such judgments as may be rendered against the Commonwealth by order of Court and approved by the Attorney General,

1956-57 ..... $35,150
1957-58 ..... $35,750

D. *Frankfort Cemetery.*

1956-57 ..... $250
1957-58 ..... $250

E. *Franklin Circuit Court.* For purchase of supplies and equipment in accordance with KRS 28.165,

1956-57 ..... $300
1957-58 ..... $300

F. *Statutes, Rules and Regulations for Courts.* For the purpose only of purchasing from the Legislative Research Commission copies of the official statutes of Kentucky, the Rules of Civil Procedure, and administrative regulations compilations, in accordance with KRS 57.340. Any unexpended balance at the end of the first fiscal year of the biennium shall be carried over to the second year.

1956-57 ..... $3,000
1957-58 ..... $3,500

G. *Kentucky Directory*
1956-57 ..... $1,100

H. *Interstate Oil Compact*
1956-57 ..... $1,000
1957-58 ..... $1,000

I. *Prior Year Claims*
1956-57 ..... The Amount Necessary
1957-58 ..... The Amount Necessary

J. *Public Improvements.* For paying assessments for public works against property owned by the state as provided by KRS 93.440 and 94.297,

1956-57 ..... $7,000
1957-58 ..... $7,000

K. *Board of Claims Awards and Costs.* For the payment of awards or judgments made and costs taxed by the Board of Claims against departments, boards, commissions and other agencies maintained by appropriations out of the General Fund,

1956-57 ..... $20,000
1957-58 ..... $20,000

L. *Capital Planning and Zoning Commission.* For expenses of participation in the program of the Commission,

1956-57 ..... $600
1957-58 ..... $600

M. *Social Security for Circuit Clerks, Master Commissioners, and Court Reporters,*

1956-57 ..... $11,800
1957-58 ..... $11,800

TOTAL–APPROPRIATIONS NOT OTHERWISE CLASSIFIED

1956-57 ..... $81,500
1957-58 ..... $81,500

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25. COUNTY COSTS

A. *Clerks' Services, Criminal Prosecutions, Jury Commissioners, Trustees of Jury Funds (Circuit Clerks), Commissions on Fines and Forfeitures, Commonwealth's Attorneys, Return of Fugitives from Justice, County Highway Patrol, Premiums on Sheriff's Bonds, Pauper*

Idiots, and County Boards of Supervisors. All county costs are deemed to be necessary governmental expenses and additional funds may be allotted by the Commissioner of Finance,

1956-57 ..... $2,942,500
1957-58 ..... $3,032,500

26. DEPARTMENT OF INSURANCE

A. *General Operations*
1956-57 ..... $242,630
1957-58 ..... $246,510

The balance of the funds included herein for functions now performed by the Department of Insurance, but which functions will be transferred to the Department of Public Safety on September 1, 1956, pursuant to House Bill No. 1, First Extraordinary Session 1956, shall be transferred to the Department of Public Safety on September 1, 1956.

B. *Fire Prevention.* For fire prevention and administration of the liquefied petroleum gas program.
1956-57 ..... $236,945
1957-58 ..... $239,105

The balance of the funds included herein for functions now performed by the Department of Insurance, but which functions will be transferred to the Department of Public Safety on September 1, 1956, pursuant to House Bill No. 1, First Extraordinary Session 1956, shall be transferred to the Department of Public Safety on September 1, 1956.

27. KENTUCKY STATE HISTORICAL SOCIETY

A. *Kentucky State Historical Society*
1956-57 ..... $25,000
1957-58 ..... $25,500

28. DIVISION OF LIBRARY EXTENSION

A. *Division of Library Extension*
1956-57 ..... $180,000
1957-58 ..... $180,000

Includes $50,000 each year for the Public Library Service Commission.

29. DEPARTMENT OF PUBLIC RELATIONS

A. *Department of Public Relations*
1956-57 ..... $75,000
1957-58 ..... $75,000

TOTAL—I. GENERAL GOVERNMENT
1956-57 ..... $11,229,208
1957-58 ..... $11,866,987

II. WELFARE

30. DEPARTMENT OF WELFARE

A. *Central Office.* For expenses of the Office of the Commissioner, Division of Staff Services, Division of Technical Services, Division of Corrections and Division of Farm Management.

1956-57 ..... $185,300
1957-58 ..... $188,800

B. *Kentucky Training Home*

1956-57 ..... $796,500
1957-58 ..... $810,500

C. *Penal Institutions.* For expenses of Kentucky State Reformatory, Kentucky State Penitentiary, and Women's Prison,

1956-57 ..... $1,790,500
1957-58 ..... $1,863,700

D. *Division of Probation and Parole*

1956-57 ..... $357,900
1957-58 ..... $452,250

E. *Parole Board*

1956-57 ..... $39,000
1957-58 ..... $39,500

F. *Children's Services.* For expenses of the Division of Children's Institutions, Kentucky Village and Kentucky Children's Home,

1956-57 ..... $984,600
1957-58 ..... $978,550

G. *Prison Industries*

1956-57 ..... $25,000
1957-58 ..... $25,000

H. *Home for Incurables*

1956-57 ..... $15,000
1957-58 ..... $15,000

I. *Maintenance of Buildings*

1956-57 ..... $100,000
1957-58 ..... $100,000

TOTAL—DEPARTMENT OF WELFARE

1956-57 ..... $4,293,800
1957-58 ..... $4,473,300

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31. DEPARTMENT OF ECONOMIC SECURITY

For ordinary expenses of operation and cooperation (matching of funds) with the Federal Government under the Social Security Act of August 14, 1935, and any amendments now in effect or hereinafter enacted and under any act of Congress supplementing said act as amended, including adjustments of prior year or current year accounts necessary to comply with the federal regulations. Also, for the administration of Old Age Assistance, Aid to Dependent Children, Serv-

ices to Needy Children, Aid to the Needy Blind and Aid to the Permanently and Totally Disabled, including cost to the State Treasurer for preparing, printing and issuing checks for recipients of Public Assistance Programs.

A. *Public Assistance — Administration.* Notwithstanding the provisions of KRS 45.235 and any other provisions of the Kentucky Revised Statutes, any unencumbered balance of this appropriation remaining at the end of the first fiscal year of the biennium shall lapse in accordance with the provisions of KRS 45.230. Any of the money appropriated herein may be transferred to Children's Services—Benefits with the approval of the Commissioner of Finance.

1956-57 ..... $1,342,215
1957-58 ..... $1,345,595

B. *Public Assistance — Benefits.* For Old Age Assistance Payments, Aid to the Needy Blind, Aid to Dependent Children and Aid to the Permanently and Totally Disabled, and not to be used for costs of administration. Any unexpended balance at the end of the first fiscal year shall be carried over to the second and placed in a reserve fund which may be expended by the Commissioner of Economic Security for the purposes of this appropriation with the approval of the Governor,

1956-57 ..... $11,571,370
1957-58 ..... $11,851,380

C. *Children's Services — Administration.* Notwithstanding the provisions of KRS 45.236 and any other provisions of the Kentucky Revised Statutes, any unencumbered balance of this appropriation remaining at the end of the first fiscal year of the biennium shall lapse in accordance with provisions of KRS 45.230. Any of the money appropriated herein may be transferred to Children's Services—Benefits with the approval of the Commissioner of Finance.

1956-57 ..... $440,900
1957-58 ..... $440,900

D. *Children's Services — Benefits.* For boarding home care and other benefit expenses, and not to be used for costs of administration. Notwithstanding the provisions of KRS 45.236 and any other provisions of the Kentucky Revised Statutes, any unencumbered balance of this appropriation remaining at the end of the first fiscal year of the biennium shall lapse in accordance with the provisions of KRS 45.230.

1956-57 ..... $300,000
1957-58 ..... $300,000

E. *Division of Personnel Security.* For administering the Social Security Act.

1956-57 ..... $18,150
1957-58 ..... $17,660

TOTAL—DEPARTMENT OF ECONOMIC SECURITY
1956-57 ..... $13,672,635
1957-58 ..... $13,955,535

31. DEPARTMENT OF HEALTH

A. General Operations and County Health
1956-57 ..... $2,209,300
1957-58 ..... $2,274,900

B. *Red Cross Hospital*
1956-57 ..... $25,000
1957-58 ..... $20,000

C. *Kentucky Crippled Children's Commission*
1956-57 ..... $207,000
1957-58 ..... $208,000

D. *Julius Marks Tuberculosis Sanatorium*
1956-57 ..... $99,000
1957-58 ..... $99,000

E. *Covington-Kenton County Tuberculosis Sanatorium*
1956-57 ..... $56,000
1957-58 ..... $56,000

F. *Warren County Tuberculosis Sanatorium*
1956-57 ..... $32,400
1957-58 ..... $32,400

G. *Waverly Hills Tuberculosis Sanatorium*
1956-57 ..... $250,000
1957-58 ..... $250,000

H. *Water Pollution Control Commission*
1956-57 ..... $45,500
1957-58 ..... $46,000

I. *American Society for Control of Cancer—Kentucky Division*
1956-57 ..... $45,000
1957-58 ..... $45,000

J. *Rural Medical Scholarship Fund.* To be expended for the purposes of the present rural medical scholarship fund only.
1956-57 ..... $25,000
1957-58 ..... $25,000

TOTAL—DEPARTMENT OF HEALTH
1956-57 ..... $2,994,200
1957-58 ..... $3,056,300

32. STATE TUBERCULOSIS HOSPITAL COMMISSION

A. *State Tuberculosis Hospital Commission.* For administrative and operating expenses of the Commission and institutions under its control and supervision,

1956-57 ..... $2,244,700
1957-58 ..... $2,214,800

33. DEPARTMENT OF MENTAL HEALTH

A. *Department of Mental Health*
1956-57 ..... $6,845,856
1957-58 ..... $7,137,192

TOTAL—II. WELFARE
1956-57 ..... $30,051,191
1957-58 ..... $30,837,127

III. EDUCATION

34. DEPARTMENT OF EDUCATION

A. *General Operations.* For expenses of the divisions within the department and State Board of Education,
1956-57 ..... $697,375
1957-58 ..... $708,600

B. *Division of Education for Veterans (Veterans' Approval Agency).* For payment of administrative expenses in connection with the approval of educational institutions for training and educating veterans for which reimbursement is made by the Federal Government. This appropriation shall not lapse at the end of the fiscal year 1956-57, but shall be available during the second year of the biennium, and shall lapse at the end of the biennium.
1956-57 ..... $14,000

C. *School Foundation Program*
1956-57 ..... $54,207,900
1957-58 ..... $57,201,900

The State Board of Education shall not approve any working budget or salary schedule for local board of education for the school years 1956-57 and 1957-58 in which the total amount budgeted for teachers' salaries is not equal to or greater than the amount to be included in the Foundation Program for a district for teachers' salaries as determined under Kentucky Revised Statute 157.390. No working budget or salary schedule shall be approved in which the average salary paid any rank of teacher is not at least equivalent to the allotment for that rank and in which any teacher is paid less than ninety per cent of the Foundation Program allotment for that rank.

The Superintendent of Public Instruction shall not allot to any school district more basic classroom units than the number of teachers employed by that school district for basic classroom units. No basic classroom units shall be allotted which increase in 1956-57 or 1957-58 the differential between the pupil-teacher ratio of the secondary grades (9-12) and the elementary grades (1-8) in 1955-56. No basic classroom units shall be approved which provide in a given building

or school a lower pupil-teacher ratio than twenty-seven in average daily attendance to one, or the pupil-teacher ratio which obtained in 1955-56, whichever is lower.

The Superintendent of Public Instruction shall allot classroom units for superintendents, principals, their certified assistants and special instructional personnel as provided in Kentucky Revised Statute 157.360, subsection 6, only for personnel who are qualified for their respective positions under provisions of law and regulations of the State Board of Education and who maintain programs approved under regulations of the State Board of Education. The State Board of Education may designate ASIS units which may be allotted either as basic units or ASIS units, but otherwise no excess of ASIS units shall be used to compensate for a deficit in basic units.

The number of units alloted by the Superintendent of Public Instruction for vocational education and the education of exceptional children shall not exceed the following:

	1956-57	1957-58
Vocational Agriculture	259	274
Vocational Home Economics	351	381
Trades and Industries	65	75
Distributive Occupations	13	17
Exceptional Children	120	135

The Superintendent of Public Instruction shall not allot a full classroom unit for any one-teacher school with fewer than 25 pupils in average daily attendance unless it has been determined on the basis of a survey that no facilities are available to which these pupils could be transported under regulations of the State Board of Education and no full classroom units shall be allotted for any one teacher school which has fewer than 12 pupils in average daily attendance.

Facilities that are used to house school children shall be approved by the Superintendent of Public Instruction under Kentucky Revised Statute 162.060 and 162.160. No alterations or additions of old buildings shall be made without prior approval of the Superintendent of Public Instruction. No space shall be rented or purchased and converted to classroom use without prior approval of the Superintendent of Public Instruction. The State Board of Education may adopt regulations for the approval on an annual basis of temporary facilities for the housing of school children but these regulations shall not permit the division of any present room by partitions of non-structural material. No classroom units shall be allotted for a second teacher in the same classroom. No facilities shall be approved for classroom use which are detrimental to the health of or dangerous to the safety of school children.

If a school district operates any school or grade of a school for a term of less than nine scholastic months or for a school day of less than the minimum required by Kentucky Revised Statute 158.060, the average daily attendance of such school shall be reduced propor-

tionately by the Superintendent of Public Instruction in determining the allotment of classroom units provided for under Kentucky Revised Statute 157.360, subsection 2 except as provided for by regulations of the State Board of Education.

If at the time of the tentative allotment of school funds under Kentucky Revised Statutes 157.310-157.440 it shall be determined that insufficient revenue is available to finance in full the Foundation Program including a provision that no district receive less than $80 per child in average daily attendance and no district receive less total state aid than it received from the Per Capita Fund in 1955-56, the Superintendent of Public Instruction shall not allot any classroom units under Kentucky Revised Statute, 157.360, subsection 3.

D. *Free Textbooks.* For the purchase of textbooks as provided for in KRS 157.100 and 157.190.

1956-57	$1,034,000
1957-58	$1,034,000

E. *Vocational Education—Adult Special Programs*

1956-57	$414,330
1957-58	$446,350

F. *Out of District Children*

1956-57	$30,000
1957-58	$30,000

G. *Kentucky School for the Blind*

1956-57	$207,900
1957-58	$211,040

H. *Mayo State Vocational School*

1956-57	$211,340
1957-58	$204,950

I. *Northern Kentucky Vocational School*

1956-57	$73,010
1957-58	$72,450

J. *West Kentucky Vocational School*

1956-57	$116,810
1957-58	$113,940

K. *The Division of Rehabilitation Services*

1956-57	$192,350
1957-58	$222,800

L. *Kentucky Industries for the Blind*

1956-57	$21,000
1957-58	$21,000

TOTAL—DEPARTMENT OF EDUCATION

1956-57	$57,220,015
1957-58	$60,267,030

35. COUNCIL ON PUBLIC HIGHER EDUCATION

A. *Council on Public Higher Education—Administration.* To be expended only for the salaries and expenses of a full-time staff to administer the functions of the Council including administration of the Veterinary Medicine Scholarship program and the Medical Education Program,

1956-57 ..... $13,670
1957-58 ..... $13,150

B. *Southern Regional Education Board.* For participation in the activities of the Southern Regional Education Board including the Mental Health Council and the veterinary medicine program.

1956-57 ..... $74,000
1957-58 ..... $77,000

C. *Medical Education Program*

1956-57 ..... $500,000
1957-58 ..... $500,000

TOTAL—COUNCIL ON PUBLIC HIGHER EDUCATION

1956-57 ..... $587,670
1957-58 ..... $590,150

36. UNIVERSITY OF KENTUCKY

A. *Division of Colleges*

1956-57 ..... $4,860,000
1957-58 ..... $4,860,000

B. *Interest on Land Grant Bonds*

1956-57 ..... $8,700
1957-58 ..... $8,700

C. *Agricultural Experiment Station*

1956-57 ..... $708,000
1957-58 ..... $708,000

D. *Agricultural Experiment Station — Purchase of Dairy Equipment*

1956-57 ..... $100,000

E. *Agricultural Extension.* For expenses of Agricultural Extension, and participation under the Hope-Flannigan Act (Agricultural Extension),

1956-57 ..... $828,000
1957-58 ..... $828,000

TOTAL—UNIVERSITY OF KENTUCKY

1956-57 ..... $6,504,700
1957-58 ..... $6,404,700

37. EASTERN STATE COLLEGE

A. *Eastern State College*

1956-57 ..... $830,885
1957-58 ..... $921,600

38. MOREHEAD STATE COLLEGE

A. *Morehead State College*
1956-57 ..... $610,360
1957-58 ..... $666,875

39. MURRAY STATE COLLEGE

A. *Murray State College*
1956-57 ..... $810,985
1957-58 ..... $897,750

40. WESTERN STATE COLLEGE

A. *Western State College*
1956-57 ..... $849,665
1957-58 ..... $939,785

41. KENTUCKY STATE COLLEGE

A. *Kentucky State College*
1956-57 ..... $500,630
1957-58 ..... $523,000

42. TEACHERS' RETIREMENT SYSTEM

A. *Teachers' Retirement Fund.* For administering and complying with the obligations of the State under the Teachers' Retirement Act, namely, KRS 161.220 to 161.710,
1956-57 ..... $4,096,875
1957-58 ..... $4,259,830

43. SCHOOL FOR THE DEAF

A. *School for the Deaf*
1956-57 ..... $318,325
1957-58 ..... $329,200

44. LINCOLN INSTITUTE

A. *Lincoln Institute*
1956-57 ..... $145,400
1957-58 ..... $150,400

TOTAL—III. EDUCATION
1956-57 ..... $72,475,510
1957-58 ..... $75,950,320

45. DEPARTMENT OF AGRICULTURE

A. *General Operations*
1956-57 ..... $296,670
1957-58 ..... $302,410

B. *Livestock Sanitation and Disease Control*

1956-57 ..... $400,000
1957-58 ..... $400,000

46. STATE FAIR BOARD

A. *State Fair Premiums*
1956-57 ..... $100,000
1957-58 ..... $100,000

47. DEPARTMENT OF CONSERVATION

A. *Office of the Commissioner*
1956-57 ..... $129,250
1957-58 ..... $108,290

B. *Division of Forestry*
1956-57 ..... $419,600
1957-58 ..... $415,000

C. *Division of Parks*
1956-57 ..... $225,000
1957-58 ..... $225,000

D. *Division of Soil and Water Resources*
1956-57 ..... $88,500
1957-58 ..... $89,200

E. *Division of Strip Mining and Reclamation*
1956-57 ..... $15,000
1957-58 ..... $15,000

F. *Division of Flood Control and Water Usage*
1956-57 ..... $31,600
1957-58 ..... $31,600

G. *Ohio River Valley Water Sanitation Commission*
1956-57 ..... $27,260
1957-58 ..... $27,560

TOTAL—DEPARTMENT OF CONSERVATION
1956-57 ..... $936,210
1957-58 ..... $911,650

TOTAL—IV. AGRICULTURE AND CONSERVATION
1956-57 ..... $1,732,880
1957-58 ..... $1,714,060

V. OTHER

48. DEPARTMENT OF FINANCE

A. *Capital Construction Fund.* For expenditure in accordance with the provisions of Article XVI, Sections 1 through 15, House Bill No. 1, First Extraordinary Session 1956. Any unencumbered balance of this appropriation and such balances of prior capital outlay appro-

priations to the State Property and Buildings Commission remaining on June 30, 1956 which were transferred to the Department of Finance by the above cited article may be expended thereafter and shall not lapse but shall be carried forward until expended. This appropriation shall include $2,000,000 in 1956-57 and $3,000,000 in 1957-58 for the purpose of constructing a medical science building and related science buildings at the University of Kentucky.

1956-57 ---------- $6,258,211
1957-58 ---------- $5,030,506

49. KENTUCKY EMPLOYEES' RETIREMENT SYSTEM

A. *Kentucky Employees' Retirement Act.* For administering and complying with the obligations of the State under the Kentucky Employees' Retirement System, pursuant to the provisions of House Bill No. 463, Regular Session 1956.

1956-57 ---------- $510,000
1957-58 ---------- $510,000

TOTAL—OTHER

1956-57 ---------- $6,768,211
1957-58 ---------- $5,540,506

GRAND TOTAL

1956-57 ---------- $122,257,000
1957-58 ---------- $125,909,000

PART TWO

STATE ROAD FUND

There is hereby established for the purpose of paying all costs of operation and maintenance of the Department of Highways and for carrying on its activities and functions, a State Road Fund which shall consist of all the revenue realized from fees, taxes and license fees levied for State Road Purposes now authorized by law, and any additional or other revenues, grants or funds, including any amount which may be received from Federal aid or any other source pursuant to the provisions of KRS 177.030, made available for the construction or reconstruction of public roads or for any other of the activities administered by the Department of Highways. Such receipts and revenues, together with any balance in the existing State Road Fund as of June 30, 1956, shall constitute the State Road Fund for the fiscal years 1956-57 and 1957-58. There is hereby appropriated from the State Road Fund the following amounts for the following departments, agencies, and sub-divisions of the State Government, for the following purposes:

I. HIGHWAY DEPARTMENT GENERALLY

1. DEPARTMENT OF HIGHWAYS

A. *Department of Highways.* For use by the Department in activities, functions, and duties performed by it as prescribed by law, all monies received and placed to the credit of the State Road Fund, not otherwise appropriated in this or any other Act.

2. RURAL HIGHWAYS

A. *Division of Rural Highways.* For improvement, construction, reconstruction and maintenance of county roads and bridges, which have not been accepted by the Department of Highways for maintenance, the sum of Five Million ($5,000,000) Dollars for each of the fiscal years 1956-57 and 1957-58. This appropriation is to be expended in accordance with the provisions of KRS 179.410 to 179.430. Not more than six percent (6%) of this appropriation shall be used for administration.

B. *Secondary and Rural Roads.* For the construction, reconstruction and maintenance of secondary and rural roads, two-sevenths of all revenue received under the provisions of KRS 138.320. This appropriation is in addition to the amount appropriated under Section I, sub-section 2, Paragraph A, of Part Two of the Appropriation Act.

II. APPROPRIATIONS TO DEPARTMENTS AND AGENCIES OTHER THAN HIGHWAYS

3. DEPARTMENT OF TREASURY

A. *Department of Treasury.* For expenses pertaining to treasury administration for the Department of Highways,

1956-57 ---------- $49,250
1957-58 ---------- $46,455

4. DEPARTMENT OF FINANCE

A. *Department of Finance.* For expenses pertaining to financial administration for the Department of Highways,

1956-57 ---------- $165,575
1957-58 ---------- $161,525

B. *Division of Services.* For expenses of operation of buildings for the Department of Highways,

1956-57 ---------- $66,550
1957-58 ---------- $66,600

5. DEPARTMENT OF PERSONNEL

A. *Department of Personnel.* For expenses pertaining to personnel administration for the Department of Highways,

1956-57 ---------- $43,810
1957-58 ---------- $43,160

6. DEPARTMENT OF REVENUE

A. *Department of Revenue.* For administering and enforcing the laws pertaining to the gasoline, motor fuels and any other taxes

comprising the State Road Fund, and administering and enforcing the laws relating to motor vehicle registration and other laws relating to motor vehicles and highways.

1956-57 ----------$1,047,500
1957-58 ----------$1,060,000

The balance of the funds included herein for functions now performed by the Department of Revenue, but which functions will be transferred to the Department of Public Safety on September 1, 1956, pursuant to House Bill No. 1, First Extraordinary Session 1956, shall be transferred to the Department of Public Safety on September 1, 1956.

7. DEPARTMENT OF PUBLIC SAFETY

A. *Department of Public Safety*

1956-57 ----------All money made transferable to it by this Act for performing the functions provided for in House Bill No. 1, First Extraordinary Session 1956.

1957-58 ----------All money made transferable to it by this Act for performing the functions provided for in House Bill No. 1, First Extraordinary Session 1956.

8. DEPARTMENT OF STATE POLICE

A. *Department of State Police.* For expenses of operation of the Department as is provided by law.

1956-57 ----------$3,133,333
1957-58 ----------$3,133,333

The balance of the funds included herein for functions now performed by the Department of State Police, but which functions will be transferred to the Department of Public Safety on September 1, 1956, pursuant to House Bill No. 1, First Extraordinary Session 1956, shall be transferred to the Department of Public Safety on September 1, 1956.

9. DEPARTMENT OF ECONOMIC DEVELOPMENT

A. *Topographic Mapping Program*

1956-57 ----------$4,000
1957-58 ----------$4,000

B. *Water Resources Survey*

1956-57 ----------$48,000
1957-58 ----------$48,000

10. DEPARTMENT OF MOTOR TRANSPORTATION

A. *Department of Motor Transportation*

1956-57 ----------$345,125
1957-58 ----------$353,525

The balance of the funds included herein for functions now performed by the Department of Motor Transportation, but which functions will be transferred to the Department of Public Safety on Sep-

tember 1, 1956, pursuant to House Bill No. 1, First Extraordinary Session 1956, shall be transferred to the Department of Public Safety on September 1, 1956.

11. DEPARTMENT OF PUBLIC RELATIONS

A. *Department of Public Relations.* For expenses incident to the preparation, publication and distribution of road maps, booklets, photographs, advertisements and other activities intended to advertise and publicize Kentucky highways and highway conditions, tourist, scenic and travel attractions and places of interest to motorists.

1956-57 ----------$250,000
1957-58 ----------$250,000

TOTAL APPROPRIATIONS TO DEPARTMENTS AND AGENCIES OTHER THAN HIGHWAYS

1956-57 ----------$5,153,143
1957-58 ----------$5,166,598

III. KENTUCKY EMPLOYEES' RETIREMENT SYSTEM

A. *Kentucky Employees' Retirement System.* For administering and complying with obligations of the State under the Kentucky Employees' Retirement System, pursuant to the provisions of House Bill No. 463, Regular Session 1956.

1956-57 ----------$745,000
1957-58 ----------$745,000

IV. ADMINISTRATION AND EFFECT

All funds appropriated to the Department of Highways by Section I of Part Two of this Act (Highway Department Generally) shall be allocated equitably by the Commissioner of Highways, with the approval of the Commissioner of Finance, between the various activities and functions of the Department of Highways.

The appropriations made by this Act are subject to the provisions of Chapters 12, 42, and 45 of the Kentucky Revised Statutes. Nothing in this Act shall be construed to repeal any appropriation for the fiscal year to the State Road Fund ending June 30, 1956.

PART THREE
REVOLVING, TRUST AND AGENCY FUNDS

There is hereby appropriated to the various boards, commissions, institutions, agencies and/or subdivisions of the State Government only as are listed herein for the fiscal year ending June 30, 1957, and for the fiscal year ending June 30, 1958, all of the fees (which include fees for board and room, athletics, student activities) and rentals, admittances, sales, licenses collected by law, contributions, gifts, subventions, federal grants and other federal receipts and other miscellaneous receipts produced or received by any of the following agencies of the State Government, except as otherwise specifically provided, for the use and benefit of each of the below named agencies of the State Gov-

ernment for the purposes for which each fund is authorized. Receipts which are received by each of the respective agencies of the State Government listed herein shall be placed to the credit of a Revolving or Trust and Agency Fund out of which shall be established separate Revolving or Trust and Agency Fund Accounts for the use and benefit of these agencies of the State Government for purposes for which each fund is authorized.

In the event receipts received and credited to any Revolving or Trust and Agency Fund Account during fiscal year 1956-57 or fiscal year 1957-58 and any balance forwarded to the credit of any such account from the previous fiscal year exceed the appropriation made by specific sum to said account in this Part of this Appropriation Act, the excess is hereby appropriated to the credit of said account for the fiscal year in which the excess occurs; provided, however, that said excess shall become available for expenditure for the purpose of the account during said year only with the authorization of the Commissioner of Finance and approval of the Governor.

Except as herein otherwise provided, the appropriate agency may requisition for expenditure from the Revolving or Trust and Agency Fund Account, through the Department of Finance, during the fiscal year ending June 30, 1957, and during the fiscal year ending June 30, 1958, all receipts placed to the credit of the Revolving or Trust and Agency Fund for such year, out of which has been established a Revolving or Trust and Agency Fund Account for each separate agency during such fiscal year, plus any balance which said agency may have had forwarded from the preceding year on or before September 30, of the then current fiscal year, by the Department of Finance.

I. GENERAL GOVERNMENT

1. LEGISLATIVE RESEARCH COMMISSION

A. *Statute Revision—Administrative Regulations*

B. *Statute Revision Commission—Printing Revolving Fund.* To be used for the printing and the distribution costs of the Kentucky Revised Statutes, Notes and Annotations to the Kentucky Revised Statutes, and supplements to these publications. Reimbursement shall be made to this account from sales of these publications.

2. JUDICIARY

A. *Board of Bar Examiners*

1956-57	$8,200
1957-58	$8,700

3. AUDITOR OF PUBLIC ACCOUNTS

A. *Auditor of Public Accounts*

1956-57	$20,000
1957-58	$20,000

4. DEPARTMENT OF FINANCE

A. *Paper Revolving Fund.* The balance in the Paper Revolving

Fund and all receipts credited to the Fund during the 1956-57 fiscal year and during the 1957-58 fiscal year are appropriated for use during that period, provided, however, that $40,000 of the balance in the Fund as of June 30, 1956 shall be transferred to the General Expenditure Fund.

B. *Division of Services Revolving Fund.* To be used to purchase and provide stamps and postage, supplies and equipment for the various budget units of State Government. Reimbursement shall be made to this account by the various budget units for materials, supplies and utility services furnished and services rendered. Any funds to the credit of this account shall be available for expenditure for any of the purposes specified herein but such accounting practices shall be maintained by the division as will accurately reflect the financial condition of the various functions being performed with the funds in the account. Any unexpended balance remaining at the end of the fiscal year 1956-57 shall not lapse, but shall be available for expenditure during any following fiscal year.

C. *Central Stores Revolving Fund.* All assets and obligations of the central store account as of June 30, 1956, are transferred from the Division of Services Revolving Fund and deemed to be appropriated to and assumed by the Central Stores Revolving Fund. Any funds to the credit of the Central Stores Revolving Fund shall be available for purchase of supplies and services. Reimbursement shall be made to this account by the budget unit for supplies and services used. An unexpended balance remaining at the end of fiscal year 1956-57 shall not lapse but shall be available for expenditure during any following fiscal year. Notwithstanding the provisions of KRS 42.055 (2), the Commissioner of Finance is authorized to assign administration of the Central Stores Revolving Fund to any Division of the Department of Finance.

5. DEPARTMENT OF MILITARY AFFAIRS

A. *Adjutant General*

1956-57 ----------$600
1957-58 ----------$600

6. DEPARTMENT OF AERONAUTICS

A. *Commissioner of Aeronautics*

1956-57 ----------$2,000
1957-58 ----------$2,000

B. *Airport Development*

7. DEPARTMENT OF PUBLIC SAFETY

A. *Department of Public Safety*

1956-57 ----------All money made transferable to it by this Act for performing the functions provided for in House Bill No. 1, First Extraordinary Session 1956.

1957-58 ----------All money made transferable to it by this Act for performing the functions provided for in House Bill No. 1, First Extraordinary Session 1956.

8. DEPARTMENT OF STATE POLICE

A. *Department of State Police*

1956-57 ----------$7,000
1957-58 ----------$7,000

The balance of the funds included herein for functions now performed by the Department of State Police, but which functions will be transferred to the Department of Public Safety on September 1, 1956, pursuant to House Bill No. 1, First Extraordinary Session 1956, shall be transferred to the Department of Public Safety on September 1, 1956.

9. DEPARTMENT OF ECONOMIC DEVELOPMENT

A. *General Operations*

1956-57 ----------$42,000
1957-58 ----------$37,650

10. DEPARTMENT OF BUSINESS REGULATIONS

A. *Board of Accountancy*
B. *Board of Psychology*
C. *Board of Examiners and Registration of Architects*
D. *Board of Barbers and Beauticians Examiners*
E. *Board of Chiropractic Examiners*
F. *Board of Dental Examiners*
G. *Board of Embalmers and Funeral Directors*
H. *Board of Pharmacy*
I. *Board of Prophylactic Enforcement*
J. *Board of Nursing Education and Nurse Registration*
K. *Board of Veterinary Examiners*
L. *Board of Registration for Professional Engineers*
M. *Kentucky Real Estate Commission*
N. *Board of Optometric Examiners*
O. *Board of Chiropody*
P. *Board of Opthalmic Dispensers*

11. DEPARTMENT OF INDUSTRIAL RELATIONS

A. *Department of Industrial Relations—Workmen's Compensation Board*

1956-57 ----------$216,600
1957-58 ----------$223,800

12. DEPARTMENT OF MINES AND MINERALS

A. *Department of Mines and Minerals*

1956-57 ----------$50,025
1957-58 ----------$37,870

13. DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

A. *Confiscation Expense*

1956-57 ..... $5,000
1957-58 ..... $5,000

14. DEPARTMENT OF BANKING

A. *Department of Banking*
1956-57 ..... $150,000
1957-58 ..... $150,000

B. *Division of Securities*
1956-57 ..... $11,730
1957-58 ..... $11,730

15. COUNTY FEES

A. *Jefferson County Master Commissioner*

B. *Jefferson County Receiver*

C. *Jefferson County Fees.* For paying various officials of Jefferson County seventy-five percent (75%) of the fees provided by law to be paid by the State to such officials when such claims for fees have been presented to the Department of Finance in the form and manner prescribed by law and approved by the Commissioner of Finance, and to pay to the Fiscal Court of said County twenty-five (25%) percent of said fees as may be required by KRS 64.350.

D. *Kenton County Fees.* For paying various officials of Kenton County seventy-five (75%) of the fees provided by law to be paid by the State to such officials when such claims for fees have been presented to the Department of Finance in the form and manner prescribed by law and approved by the Commissioner of Finance, and to pay to the Fiscal Court of said County twenty-five (25%) percent of said fees as may be required by KRS 64.350.

E. *Fayette County Fees.* For paying various officials of Fayette County seventy-five percent (75%) of the fees provided by law to be paid by the State to such officials when such claims for fees have been presented to the Department of Finance in the form and manner prescribed by law and approved by the Commissioner of Finance, and to pay to the Fiscal Court of said County twenty-five percent (25%) of said fees as may be required by KRS 64.350.

F. *Campbell County Fees.* For paying various officials of Campbell County seventy-five percent (75%) of the fees provided by law to be paid by the State to such officials when such claims for fees have been presented to the Department of Finance in the form and manner prescribed by law and approved by the Commissioner of Finance and to pay to the Fiscal Court of said County twenty-five percent (25%) of said fees as may be required by KRS 64.350.

G. *Pike County Fees.* For paying various officials of Pike County seventy-five percent (75%) of the fees provided by law to be paid by the State to such officials when such claims for fees have been presented to the Department of Finance in the form and manner pre-

scribed by law and approved by the Commissioner of Finance, and to pay to the Fiscal Court of said County twenty-five (25%) of said fees as may be required by KRS 64.350.

16. TRUCK LICENSES-COUNTY SHARE

A. *Truck Licenses-County Share.* There shall be credited to this fund for the purpose of distribution to counties such portion of truck licenses as is provided by law, at such times as the Department of Finance may order.

17. DEPARTMENT OF INSURANCE

Notwithstanding any provisions of KRS 136.360, 234.160, 228.030 and 304.463 to the contrary, the following receipts only are authorized to be placed to the credit of the Trust and Agency Fund and are authorized for expenditure out of the Trust and Agency Fund. All other balances remaining on September 30, 1956, and all other receipts collected during the 1956-58 biennium shall be placed to the credit of the General Expenditure Fund.

A. *Custodian of Securities.* All sums paid for expenses under the provisions of KRS 304.503.

B. *Insurance Examiners Expense.* All fees paid pursuant to the provisions of KRS 304.035.

C. *State Fire and Tornado Insurance Fund.* All money remaining in the Fund as of June 30, 1956 and all money placed to the credit of the Fund during the 1956-58 biennium, except that notwithstanding the provisions of KRS 56.150 to the contrary, no funds may be used for expenses of administration.

18. KENTUCKY HISTORICAL SOCIETY

A. *Kentucky Historical Society*

1956-57 ---------- $6,000
1957-58 ---------- $6,000

19. DIVISION OF LIBRARY EXTENSION

A. *Division of Library Extension*

1956-57 ---------- $600
1957-58 ---------- $600

19. PUBLIC SERVICE COMMISSION

A. *Public Service Commission.* The fees collected subject to the provisions of KRS 278.130 to 278.150.

20. DEPARTMENT OF PUBLIC RELATIONS

A. *Department of Public Relations*

1956-57 ---------- $10,000
1957-58 ---------- $10,000

II WELFARE

1. DEPARTMENT OF WELFARE

A. *Central Office*

B. *Kentucky Training Home*
1956-57 ---------- $23,500
1957-58 ---------- $23,500

C. *Penal Institutions*
1956-57 ---------- $200,567
1957-58 ---------- $181,220

D. *Children's Services*
1956-57 ---------- $9,500
1957-58 ---------- $9,500

E. *Prison Industries*
1956-57 ---------- $830,000
1957-58 ---------- $940,000

2. DEPARTMENT OF ECONOMIC SECURITY

A. *Department of Economic Security.* To be used for the purpose of acquiring suitable office space for the Bureau of Employment Security in the city of Louisville for money credited to the Unemployment Trust Fund under the provision of Section 903 of the Federal Social Security Act, as amended, for the fiscal year ending June 30, 1957, the sum of $200,000.00 and for the fiscal year ending June 30, 1958, the sum of $300,000.00; provided, that the amount which may be expended during the fiscal year ending June 30, 1957 shall not exceed the amount by which the amount credited to the Fund under Section 903 of the Federal Social Security Act during such fiscal year and the preceding fiscal year exceeds the aggregate of the amounts expended pursuant to such section during such fiscal year, and the amount which may be expended during the fiscal year ending June 30, 1958 shall not exceed the amount by which the aggregate of the amounts credited to the Fund under Section 903 of the Federal Social Security Act during such fiscal year and the two preceding fiscal years exceeds the amounts expended pursuant to such section during such fiscal year and the preceding fiscal year; and provided further, that no expenditure shall be made under this act after the close of the two year period beginning on the date of enactment hereof. Any unexpended balance at the end of the first fiscal year of the biennium shall carry over to the second year; and any unexpended balance at the end of the two year period beginning on the date of enactment of this act shall revert to the Unemployment Trust Fund at such time, or at such earlier date as is practicable if for any reason any amount appropriated hereby is not to be expended or cannot be expended for the purpose set out above.

B. *Department of Economic Security.* All balances and receipts of all other trust and agency accounts are hereby appropriated to the Department of Economic Security for each year of the 1956-58 biennium.

3. DEPARTMENT OF HEALTH

A. *General Operations and County Health*
1956-57 ..... $1,116,200
1957-58 ..... $1,080,800

4. TUBERCULOSIS SANATORIA COMMISSION

A. *Tuberculosis Sanatoria Commission*
1956-57 ..... $144,650
1957-58 ..... $136,800

5. DEPARTMENT OF MENTAL HEALTH

A. *Department of Mental Health*
1956-57 ..... $522,700
1957-58 ..... $522,700

III EDUCATION

1. DEPARTMENT OF EDUCATION

A. *General Operations*
1956-57 ..... $98,250
1957-58 ..... $94,900

B. *Division of Property Utilization (Surplus Property)*
1956-57 ..... $210,000
1957-58 ..... $220,000

C. *Division of Education for Veterans (Veterans' Approval Agency)*
1956-57 ..... $63,180
1957-58 ..... $64,434

D. *School Foundation Program*
1956-57 ..... $577,600
1957-58 ..... $583,600

E. *School Lunch Program*
1956-57 ..... $1,900,000
1957-58 ..... $1,900,000

F. *School Milk Program*
1956-57 ..... $1,450,000
1957-58 ..... $1,450,000

G. *Vocational Education—Adult-Special*
1956-57 ..... $254,150
1957-58 ..... $251,500

H. *Vocational Education-Veterans' Program*
1956-57 ..... $819,600
1957-58 ..... $769,600

I. *Jeannes Fund*
1956-57 ..... $2,720
1957-58 ..... $2,720

J. *Mayo State Vocational School*
1956-57 ..... $119,640
1957-58 ..... $114,150

K. *Northern Kentucky Vocational School*
1956-57 ..... $11,990
1957-58 ..... $12,000

L. *West Kentucky Vocational School*
1956-57 ..... $55,360
1957-58 ..... $62,650

M. *Division of Rehabilitation Services*
1956-57 ..... $385,365
1957-58 ..... $456,390

N. *Kentucky Industries for the Blind*
1956-57 ..... $165,000
1957-58 ..... $170,000

O. *Business Enterprise Program*
1956-57 ..... $6,875
1957-58 ..... $6,875

P. *OASI Disability Determination Program*
1956-57 ..... $38,520
1957-58 ..... $39,340

2. UNIVERSITY OF KENTUCKY

A. *University of Kentucky*
1956-57 ..... $4,478,000
1957-58 ..... $4,478,000

3. EASTERN STATE COLLEGE

A. *Eastern State College*
1956-57 ..... $795,560
1957-58 ..... $820,550

4. WESTERN STATE COLLEGE

A. *Western State College*
1956-57 ..... $556,260
1957-58 ..... $586,955

5. MURRAY STATE COLLEGE

A. *Murray State College*
1956-57 ..... $665,182
1957-58 ..... $692,347

6. MOREHEAD STATE COLLEGE

A. *Morehead State College*
1956-57 ..... $410,625
1957-58 ..... $425,255

7. KENTUCKY STATE COLLEGE

A. *Kentucky State College*
1956-57 ..... $209,540
1957-58 ..... $219,293

8. LINCOLN INSTITUTE

A. *Lincoln Institute*
1956-57 ..... $93,318
1957-58 ..... $93,318

9. KENTUCKY SCHOOL FOR THE DEAF

A. *Kentucky School for the Deaf*
1956-57 ..... $15,310
1957-58 ..... $9,565

IV AGRICULTURE AND CONSERVATION

1. DEPARTMENT OF AGRICULTURE

A. *Department of Agriculture*
1956-57 ..... $44,760
1957-58 ..... $45,280
B. *Dog Law—Administration, and Indemnities and County Share*

2. STATE FAIR BOARD

A. *State Fair Board*

3. DEPARTMENT OF CONSERVATION

A. *Division of Forestry*
1956-57 ..... $281,300
1957-58 ..... $295,000
B. *Division of Parks*
1956-57 ..... $2,150,000
1957-58 ..... $2,220,000
C. *Division of Strip Mining and Reclamation*
1956-57 ..... $29,415
1957-58 ..... $30,800
D. *Division of Soil and Water Resources*

4. DEPARTMENT OF FISH AND WILDLIFE RESOURCES

A. *Department of Fish and Wildlife Resources*

5. KENTUCKY NATIONAL PARK COMMISSION

A. *Kentucky National Park Commission*

PART FOUR

GENERAL PROVISION

1. Nothing in this Act shall be construed to repeal any appropriation for the fiscal year ending June 30, 1956 and nothing in this Act is to be construed to amend or alter the provisions of Chapter 42 of the Kentucky Revised Statutes pertaining to the duties and powers of the Commissioner of Finance. All questions that arise in interpreting any appropriation in this Act as to the purpose for which the same may be expended shall be decided by the Commissioner of Finance in ac-

cordance with the detailed estimates embodied in the budget report as considered by the General Assembly, and the decisions of the Commissioner of Finance shall be final and conclusive.

2. Whereas, the finances of the Commonwealth can not be ascertained at this time, and since the actual needs of each officer, department, board, commission, institution, or subdivision of the State Government can only be anticipated and not finally determined by the Legislature, and since the total amount of revenue accruing to the General Expenditure Fund from which these appropriations are hereby made can only be anticipated through existing laws and those that may hereafter be enacted, it is the purpose and intention of this Act that the expenditures for each fiscal year under Part I in this Act shall not exceed the total revenues anticipated to accrue to the General Expenditure Fund for the same fiscal year. As the conditions can not be finally determined until after the adjournment of the 1956 General Assembly, and as the needs of each officer, department, board, commission, institution or subdivision of the State Government and the total revenues accruing to the General Fund can not be fully determined at this time, it is the intention and the purpose of this General Assembly that the Commissioner of Finance, with the advice of the Commissioner of Revenue and the approval of the Governor of the Commonwealth, be and he is hereby authorized, empowered and directed to ascertain and determine the needs of each officer, department, board, commission, institution or subdivision of the State Government, and to ascertain the total revenue anticipated to accrue to the General Expenditure Fund of the Commonwealth, and upon the ascertainment and determination of said facts, he, the Commissioner of Finance, in the manner set forth and as provided by general law, is hereby authorized, empowered and directed by the General Assembly to prevent an overdraft or deficit in any fiscal year for which appropriations are herein made, by equitably reducing, according to need, without discrimination, the appropriations herein made in Part I to any officer, department, board, commission, institution, or subdivision of the State Government; provided that the power hereby vested shall not permit any reduction of the appropriation of any officer, department, board, commission, institution or subdivision of the State Government that will actually impair the necessary constitutional functions of any agency whose operations and functions are determined to be necessary constitutional functions of government.

3. In enacting this Budget Appropriation Law, it is the deliberate intention of the General Assembly to enact each section, and each sub-section thereof, as a separate and/or specific appropriation and law, and if any section or any subsection thereof shall be held invalid, or unconstitutional the decision of the courts shall not affect or impair any of the remaining sections, sub-sections, or provisions contained herein.

4. All continuing appropriations in existence at the time this Act takes effect are hereby discontinued and repealed by this Act, except as provided by Chapters 12, 42, 45, and 56 of the Kentucky Revised Statutes. All laws and parts of laws in conflict with any of the provisions of the above enactments, to the extent of such conflict, are hereby repealed.

HR 4: A CONCURRENT RESOLUTION expressing appreciation of the General Assembly for the efforts of the Joint Committees on Welfare Investigation and Insurance Investigation and authorizing and directing that each member of the respective committees be paid his expenses, incurred in connection with work of said committee, out of funds appropriated to the Legislative Research Commission.

WHEREAS, the Joint Committees on Welfare Investigation and Insurance Investigation, established respectively by House Resolution Number 4 and Senate Resolution Number 6 have completed the duties imposed upon them by the General Assembly of the Commonwealth of Kentucky; and

WHEREAS, the duties of the said committees, involving long and arduous work, have been completed in an efficient, orderly and expeditious manner reflecting credit not only upon the individual members of such committees but upon the 1956 Session of the General Assembly of the Commonwealth of Kentucky; and

WHEREAS, the efforts of said joint committees have resulted in numerous recommendations designed and calculated to promote the best interests and general welfare of the citizens of this great Commonwealth; and

WHEREAS, it has been necessary for each member of the said joint committees to travel extensively in the performance of committee duties, with respect to the purposes for which each was established, expenses incident to such travels having been borne by each individual committee member;

NOW, THEREFORE,

Be it resolved by the House of Representatives of the Commonwealth of Kentucky, the Senate concurring therein:

Section 1. That the General Assembly of the Commonwealth of Kentucky does hereby express its appreciation to the members of the Joint Committees on Welfare Investigation and Insurance Investigation for the speedy, orderly and efficient manner in which their duties have been performed.

Section 2. That the Legislative Research Commission is hereby authorized and directed to reimburse each member of the Joint Committees, out of funds appropriated to said Commission, any and all amounts of money expended by him for travel and any other expenses

in connection with his duties while performing the authorized work of the respective committees.

Representative Morgan moved to adjourn until 1:00 P.M., April 3rd. Agreed.

TUESDAY, APRIL 3, 1956

FIFTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend E. W. Baxter of the Episcopal Church, Frankfort.

The roll was called. All present except Blue, Bridgers, Buchanan, Bush, Casey, Caudill, Davis, Dunsil, Everett, Farmer, Griffin, Hadden, Harris, Highland, Isler, Lambert, Martin, McCallum, Melton, Moore, Murphy, Newsom, Nunnelley, Qualls, Ratcliffe, John B. Reed, Tanner, Thomas, Tinsley, Weintraub, Lynn B. Wells, and Young, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for April 2, 1956, dispensed with and the same approved on motion of Representative Burnley.

Senate Message

Senate message announcing passage of **SR 7**; read by Clerk.

Orders of the Day

Representative Morgan moved that the House concur in **SR 7.**

SR 7: A JOINT RESOLUTION directing the Legislative Research Commission to study the feasibility of establishing a residential training school or other facility for crippled children.

WHEREAS, it has been suggested that a residential training school for crippled children be established; and

WHEREAS, it is necessary that information be gathered on which the members of future sessions of the General Assembly can base their opinion on this subject; and

WHEREAS, the Legislative Research Commission has the staff to make a comprehensive study of such subject,

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

Section 1. That the Legislative Research Commission be and it is hereby directed to make a study of the desirability and feasibility of establishing a residential training school or other facility for crippled children. The study shall include consideration of the proper location of such a facility and the suitable organizational and administrative position for it within the existing governmental structure of the Commonwealth.

Section 2. That the Legislative Research Commission shall report to the next regular session of the General Assembly, on its findings and recommendations.

SR 7 was adopted.

Calendar

HB 1 and **HR 4** were taken from the Calendar and read at length for the second time. Ordered placed in Orders of the Day.

Representative Morgan moved to adjourn until 10:00 A.M., April 4th. Agreed.

WEDNESDAY, APRIL 4, 1956

SIXTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend E. W. Baxter of the Episcopal Church, Frankfort.

The roll was called. All present except Nunnelley, John B. Reed, and Tanner, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for April 3, 1956, dispensed with and the same approved on motion of Representative Isler.

Introduction of Resolution

HR 5, by Representative Buchanan: A RESOLUTION relating to education.

Be it resolved by the House of Representatives of the Commonwealth of Kentucky:

That the members of the House of Representatives of the General Assembly of the Commonwealth of Kentucky favor the full implementation of the Minimum Foundation Program for Education as provided in the Executive Budget submitted to them on April 2nd, 1956.

Representative Buchanan moved adoption of **HR 5.** No action taken.

Representative Day moved **HR 5** be referred to Rules Committee. Agreed.

HR 6, by Representatives McCallum and Billington: A RESOLUTION urging the Department of Conservation to continue to permit the use of beach and swimming areas of the state parks without a charge therefor.

Whereas, it has been for some period of time the policy of the Department of Conservation to permit the public to use the beach and swimming areas of the state parks without making a charge therefor; and

Whereas, it would appear that the policy in this regard is to be changed and a charge made for the use of the beach and swimming areas; and

WHEREAS, the imposition of a charge for the use of the beach and swimming areas of the state parks may cause children to use unprotected swimming areas with an increased danger of possible loss of life; and

Whereas, it would appear that guests of state operated hotels, motels, and cottages will be permitted to use the beach and swimming areas of the state parks without any additional charge therefor; the

result being to give state-owned hotels, motels and cottages a further competitive advantage over their privately owned counterparts,

NOW, THEREFORE,

Be it resolved by the House of Representatives of the Commonwealth of Kentucky:

That the Department of Conservation is urged to continue its policy of permitting the public to use the beach and swimming areas of the state parks without making a charge therefor.

Representative McCallum moved adoption of **HR 6.** Adopted.

Representative Breathitt, seconded by Representative Billington, moved that **HB 1** be made a Special Order for Tuesday, April 10, 1956, at 10:00 A.M.

On roll call, the vote was yeas 48—Anderson, Barnum, Baumgardner, Blue, Breathitt, Breckinridge, Bridgers, Buchanan, Caudill, Cornett, Embry, Farmer, Freeman, Gay, Griffin, Grundy, Hadden, Hahn, Hawkins, Heskamp, Heyburn, Highland, Hinkle, Hislope, Holsclaw, D. W. Howard, Jennings, Lambert, Lowman, Mackey, McCallum, McFadden, McKinney, Miller, Moore, Mullins, Murphy, Nunn, Ockerman, Pollitte, Ray, R. Reid, Sr., Reynolds, Thomas, Walsh, A. W. Wells, Williamson, Young. Nays 48—Bates, Beshear, Billington, Burnley, Bush, Carter, Casey, Conrad, Cottengim, Davidson, Davis, Day, Dunsil, Everett, Flanery, Greene, Grigsby, Gullette, Harris, Hill, Hilton, C. S. Howard, Isler, Johnson, Kubale, Martin, Melton, Morgan, Newsom, Parrish, Peace, Qualls, Ratcliffe, Rayburn, V. Reed, H. V. Reed, Saylor, Searcy, Sloan, Stith, Thompson, Tinsley, Wathen, Weintraub, L. B. Wells, Wilson, Wirsch, Fitzpatrick.

Motion on **HB 1** was rejected.

Orders of the Day

HB 1 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 75 – Bates, Beshear, Billington, Blankenship, Blue, Buchanan, Burnley, Bush, Carter, Casey, Caudill, Conrad, Cornett, Cottengim, Davidson, Davis, Day, Dunsil, Embry, Everett, Fitzpatrick, Flanery, Freeman, Gay, Greene, Griffin, Grigsby, Grundy, Gullette, Hahn, Harris, Hawkins, Heskamp, Highland, Hill, Hilton, Hinkle, C. S. Howard, Isler, Jennings, Johnson, Kubale, Lowman, Mackey, Martin, McCallum, McFadden, McKinney, Melton, Morgan, Mullins, Newsom, Nunn, Ockerman, Parrish, Peace, Pollitte, Qualls, Ratcliffe, Rayburn, V. Reed, H. V. Reid, R. Reid, Sr., Saylor, Searcy, Sloan, Stith, Thompson, Tinsley, Wathen, Weintraub, L. B. Wells, Wilson, Wirsch, Young. Nays—0.

HB 1 was passed and the title agreed to.

Representative Morgan moved that the vote by which the said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Heyburn, seconded by Representative Caudill, moved that the rules be suspended for the purpose of making a motion. Rejected.

Representative Ockerman moved that names of absentee voters on **HB 1** be called. Agreed.

On roll call, the vote was yeas 75—Bates, Beshear, Billington, Blankenship, Blue, Buchanan, Burnley, Bush, Carter, Casey, Caudill, Conrad, Cornett, Cottengim, Davidson, Davis, Day, Dunsil, Embry, Everett, Fitzpatrick, Flanery, Freeman, Gay, Greene, Griffin, Grigsby, Grundy, Gullette, Hahn, Harris, Hawkins, Heskamp, Highland, Hill, Hilton, Hinkle, C. S. Howard, Isler, Jennings, Johnson, Kubale, Lowman, Mackey, Martin, McCallum, McFadden, McKinney, Melton, Morgan, Mullins, Newsom, Nunn, Ockerman, Parrish, Peace, Pollitte, Qualls, Ratcliffe, Rayburn, V. Reed, H. V. Reid, R. Reid, Sr., Saylor, Searcy, Sloan, Stith, Thompson, Tinsley, Wathen, Weintraub, L. B. Wells, Wilson, Wirsch, Young. Nays—0.

Representative Morgan moved that the vote by which the said bill was passed be reconsidered and said motion be laid on the table. Agreed.

HR 4 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 60—Barnum, Bates, Baumgardner, Beshear, Billington, Blankenship, Breathitt, Breckinridge, Buchanan, Burnley, Bush, Carter, Casey, Conrad, Cornett, Cottengim, Day, Dunsil, Everett, Flanery, Grigsby, Grundy, Gullette, Hadden, Hahn, Harris, Hawkins, Heyburn, Hilton, Hinkle, C. S. Howard, D. W. Howard, Isler, Johnson, Mackey, Martin, McFadden, McKinney, Melton, Miller, Moore, Morgan, Mullins, Parrish, Peace, Qualls, Ratcliffe, Ray, Rayburn, V. Reed, H. V. Reid, Searcy, Sloan, Stith, Thompson, Tinsley, Walsh, A. W. Wells, Wirsch, Young. Nays 1—Davidson.

HR 4 was passed and the title agreed to.

Representative Morgan moved that the vote by which said resolution was passed be reconsidered and said motion be laid on the table. Agreed.

Recess

Representative Morgan moved that the House do now recess until 3:00 P.M. Agreed.

At the appointed hour, the Speaker resumed the Chair and called the House to order.

Senate Message

Senate message announcing passage of **SR 4, SR 5,** and **SR 6.** Ordered that said resolutions be referred.

Recess

Representative Morgan moved that the House do now recess for 15 minutes for a Rules Committee Meeting. Agreed.

At the appointed hour, the Speaker resumed the Chair and called the House to order.

Representative Morgan moved that the rules be suspended for a Committee Report. Agreed.

Report of Committee

Committee on Rules reported **SR 5** and **SR 6** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

SR 5: A CONCURRENT RESOLUTION appropriating money to the Department of Finance for restoring the Executive Mansion and repairing and replacing the furnishings in the Executive Mansion.

WHEREAS, the furniture and furnishings within the Executive Mansion are in a state of disrepair, and it is necessary to replace many items; and

WHEREAS, the Executive Mansion is the property of the people of the Commonwealth of Kentucky; provided by them for the residence of their elected Chief Executive Officer; and

WHEREAS, the people of the Commonwealth of Kentucky expect the Executive and Legislative Departments of State Government to take necessary action to preserve their investment in the Executive Mansion, as well as other property owned by the State and its people,

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

There is hereby appropriated to the Department of Finance for the 1956-1957 fiscal year the sum of twenty five thousand dollars ($25,000) to be used for restoring the Executive Mansion and for repairing and replacing furniture and furnishings in the Executive Mansion.

SR 6: A CONCURRENT RESOLUTION appropriating money to Elections—For County Expenses (state share), and declaring an emergency.

WHEREAS, there is not sufficient money appropriated to the account for the State's share of county election expenses due to the change in the date of the primary election; and,

WHEREAS, the counties do not have funds available to pay election expenses due to the change in the primary election date;

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

Section 1. There is hereby appropriated to the Elections – County Expenses (state share) account the sum of $82,500.00 The county treasurer in each county shall certify to the Department of Finance the number of precincts in his county. Upon proper certification by the county treasurer of the number of precincts in his county, the Department of Finance shall advance to each county treasurer the sum of twenty dollars per precinct.

Section 2. Whereas there is an immediate need for money to be made available in order that it can be advanced to county treasurers for primary election expenses, an emergency is hereby declared to exist and this resolution shall take effect upon its passage and approval by the Governor.

Representative Buchanan gave a report from the Insurance Committee Investigation.

Representative Morgan moved to adjourn until 1:00 P.M., April 5th. Agreed.

THURSDAY, APRIL 5, 1956

SEVENTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend H. Glenn Stephens of the South Frankfort Presbyterian Church, Frankfort.

The roll was called. All present except Anderson, Barnum, Billington, Breathitt, Breckinridge, Bridgers, Buchanan, Casey, Davidson, Farmer, Gullette, Harris, Heskamp, Heyburn, Hill, Holsclaw, Durham W. Howard, Isler, Kubale, Martin, McCallum, Melton, Moore, Murphy, Nunn, Nunnelley, Ockerman, Qualls, Ray, Rayburn, John B. Reed, Tanner, Thomas, Tinsley, Walsh, Weintraub, and Williamson, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for April 4, 1956, dispensed with and the same approved on motion of Representative Lowman.

Introduction of Resolution

HR 7, by Representative Wirsch: A HOUSE RESOLUTION memorializing the Congress of the United States to take or cause to be taken such action as may be required to proceed with and complete the proposed Falmouth Dam Project on the Licking River.

Ordered referred to Rules Committee.

Calendar

SR 5 and **SR 6** were taken from the Calendar and read at length for the second time. Ordered placed in Orders of the Day.

Representative Morgan moved to adjourn until 10:00 A.M., April 6th. Agreed.

FRIDAY, APRIL 6, 1956

EIGHTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend E. W. Baxter of the Episcopal Church, Frankfort.

The roll was called. All present except Barnum, Blue, Buchanan, Cornett, Everett, Farmer, Greene, Grundy, Harris, Heskamp, Holsclaw, Durham W. Howard, Lambert, Lowman, Martin, Melton, Murphy, Nunnelley, Qualls, Rayburn, Vernon Reed, Howard V. Reid, Tanner, Weintraub, and Williamson, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for April 5, 1956, dispensed with and the same approved on motion of Representative Isler.

Orders of the Day

SR 5 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 60—Bates, Baumgardner, Beshear, Billington, Blankenship, Breathitt, Breckinridge, Bridgers, Burnley, Bush, Carter, Casey, Caudill, Conrad, Davis, Day, Dunsil, Embry, Fitzpatrick, Flanery, Freeman, Gay, Griffin, Grigsby, Gullette, Hadden, Hahn, Hawkins, Highland, Hill, Hilton, Hinkle, C. S. Howard, Isler, Jennings, Johnson, Kubale, Mackey, McCallum, McKinney, Miller, Moore, Morgan, Mullins, Newsom, Parrish, Peace, Ratcliffe, Ray, J. B. Reed, R. Reid, Sr., Saylor, Searcy, Stith, Thompson, Wathen, A. W. Wells, L. B. Wells, Wilson, Wirsch. Nays—0.

SR 5 was passed and the title agreed to.

Representative Morgan moved that the vote by which the said resolution was passed be reconsidered and said motion be laid on the table. Agreed.

SR 6 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed.

Representative Thompson and Conrad moved to amend **SR 6** as follows:

Amend printed copy of **SR 6** on page 1, section 1, line 2, by deleting the figure $82,500.00 and substituting in lieu thereof the following: "$165,000 to be used in reimbursing the county treasury of each county for a portion of the expense of conducting the primary election to be held on May 29, 1956".

Amend printed copy of **SR 6** on page 2, section 1, line 7, by deleting the word "twenty" and substituting in lieu thereof the word "forty".

Recess

Representative Morgan moved that the House do now recess for 20 minutes for Senate debate. Agreed.

At the appointed hour, the Speaker resumed the Chair and called the House to order.

Amendments No. 1 and No. 2 on **SR 6** were adopted. **SR 6** as amended was read at length for the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 64—Anderson, Bates, Baumgardner, Beshear, Billington, Blankenship, Breathitt, Breckinridge, Bridgers, Buchanan, Burnley, Bush, Carter, Casey, Caudill, Conrad, Cottengim, Davidson, Davis, Day, Embry, Flanery, Gay, Greene, Griffin, Grigsby, Hadden, Hahn, Hawkins, Heyburn, Highland, Hilton, Hislope, Isler, Jennings, Johnson, Mackey, McFadden, Miller, Moore, Morgan, Mullins, Newsom, Ockerman, Parrish, Peace, Pollitte, Ratcliffe, Ray, J. B. Reed, V. Reed, R. Reid, Sr., Sloan, Thomas, Thompson, Tinsley, Walsh, Wathen, A. W. Wells, L. B. Wells, Williamson, Wilson, Wirsch, Young. Nays—0.

SR 6 was passed and the title agreed to.

Representative Morgan moved that the vote by which said resolution was adopted as amended be reconsidered and said motion be laid on the table. Agreed.

Senate Message

Senate message announcing passage of **HB 1** with amendment, **HR 4**, and **SR 12**. **SR 12** read by Clerk.

Orders of the Day

Representative Morgan moved that the House concur in the following Senate amendment to **HB 1:**

Amend printed copy of **HB 1** on page 3, section 3, lines 50 and 51 "by striking from line 50 the figures $233,500 and from line 51 the figures $234,700 and substituting therefor the figures $248,500 and $249,700 respectively". Adopted.

Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 65—Anderson, Bates, Beshear, Billington, Blankenship, Breathitt, Breckinridge, Buchanan, Burnley, Bush, Carter, Casey, Caudill, Conrad, Cottengim, Davidson, Davis, Day, Dunsil, Embry, Flanery, Gay, Greene, Griffin, Grigsby, Gullette, Hahn, Hawkins, Highland, Hill, Hilton, Hinkle, Hislope, C. S. Howard, Isler, Jennings, Johnson, Kubale, Mackey, McCallum, McFadden, Moore, Morgan, Mullins, Newsom, Ockerman, Parrish, Peace, Pollitte, Ratcliffe, J. B. Reed, V. Reed, R. Reid, Sr., Reynolds, Saylor, Searcy, Sloan, Stith, Thompson, Tinsley, Wathen, L. B. Wells, Wilson, Wirsch, Young. Nays 1—Williamson.

HB 1 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill

was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Morgan moved the House adopt the report of Insurance Committee Investigation. Agreed.

Report

Foreword

This Committee was created pursuant to Senate Resolution No. 6, the House of Representatives concurring, and consists of seven members of the House of Representatives, appointed by the Speaker of the House, and seven members of the Senate, appointed by the President Pro Tem, with an Assistant Attorney General as counsel.

An extension of time was granted February 14, 1956, by Senate Resolution No. 69, the House of Representatives concurring, as the Committee was unable to complete its work during the Regular Session of the 1956 General Assembly.

The purposes of this Committee were:

1. To inquire into and investigate the affairs, activities, and management of the Kentucky Department of Insurance, and the conduct and acts of any and all persons having or who have had transactions, dealings or contracts, directly or indirectly, with the Department or any of its officers or employees.

2. To determine the cause of the failure of certain insurance companies in Kentucky, other than life, that have failed causing loss to Kentucky insurers and agents.

Activities of the Committee

The first meeting of the Committee was held on January 17, 1956, in Room 102, of the Capitol Building at Frankfort, Kentucky. Numerous witnesses, including Mr. Cad Thurman, the present Insurance Commissioner, were subpoenaed in order to determine what incidents or acts of individuals should be investigated by the Committee. As a result of this hearing the following specific topics were formulated and set up for a further investigation:

1. That eleven foreign insurance companies were admitted to do business within the Commonwealth during the month of December, 1955, by the Department; that this was an unusually great number to be admitted during such a short period of time.

2. That the failure of the Louisville Fire and Marine Insurance Company, while doing business within this state, and its successors, the Inland Empire Insurance Company, was a result of certain individuals who controlled the company manipulating and causing to be inflated its stock and other capital assets.

3. That political pressure was brought to bear upon former Commissioner of Insurance, Syl Goebel, by certain public officials and politicians residing within the Commonwealth in order to

halt an investigation of the General American Insurance Company of San Antonio, Texas, by Commissioner Goebel in 1954; that this company failed at a loss to Kentucky insurers and agents; that an investigation, when proposed by the Commissioner of the Insurance Department, would have disclosed the company's financial condition thereby avoiding or minimizing any loss to Kentucky policy holders, agents and claimants.

Several insurance experts also testified at this hearing in regard to the present insurance setup within the state, the insurance business in general, and made recommendations as to possible changes in the present insurance laws.

On Monday, January 23, 1956, at 3 o'clock p.m., in the Governor's conference room, the Capitol, Frankfort, Kentucky, another meeting of the Committee was held. Witnesses were subpoenaed and much testimony was taken in regard to the Insurance Department, previous acts of the former Commissioner, the Insurance Department and the existing laws under which it operates, and the presence of political influence having been brought to bear upon the former Commissioner to halt proposed investigations in the past. Testimony was also heard in regard to proposed changes of insurance laws.

In February, 1956, a Subcommitte was appointed by the Chairman to go to Texas to further investigate whether the General American Insurance Company, San Antonio, Texas, had hired certain Kentucky public officials and individuals to halt an investigation of this company's financial condition while it was doing business within the state of Kentucky. This Subcommittee, while in Texas, interviewed various persons connected with the General American Company, took depositions, secured many exhibits relevant to the question and compiled a record which was subsequently turned over to the Committee which studied and discussed same at an executive session held February 8, 1956, in Room 102, the Capitol, Frankfort, Kentucky.

On February 24, 1956, another meeting of the Committee was held in the Capitol at Frankfort, Kentucky. Numerous witnesses were subpoenaed, including some who had testified at former hearings. Testimony was taken and upon completion of said hearing, the Committee held an executive session to consider and discuss all the evidence compiled during the course of the investigation.

Upon reviewing the record, it was decided that another meeting should be held and that the Hon. Louis Cox, Attorney, and the Hon. Earl Wilson, Attorney, should be called before the Committee and their testimony taken, as both were involved in the court proceedings placing the Louisville Fire and Marine Insurance Company in receivership and Inland Empire Insurance Company being appointed its successor.

This session was held March 6, 1956, and upon conclusion, in an executive session, it was decided by the Committee that a final report

be drawn and submitted as required by the resolution creating the Committee.

SUMMARY OF EVIDENCE HEARD AND COMPILED BY THE COMMITTEE

At the first meeting of the Committee, the present Commissioner of Insurance, Mr. Cad Thurman, testified in regard to the present insurance set up and upon certain incidents which had been brought to the attention of the Committee concerning the previous administration of Commissioner Syl Goebel. The chief topic at this meeting was the admission of the eleven insurance companies during the month of December, 1955. Commissioner Thurman stated that although this was a greater number of companies than would normally be admitted during such a short period of time, in his opinion, the admittances of said companies fully complied with all the requirements of the Department of Insurance under the present laws, and that there was no evidence of any wrongful conduct on the part of any official or employee of the Department in regard to the admittance of said companies, past or present. Commissioner Thurman was also interrogated in regard to the failure of the Louisville Fire and Marine Insurance Company and its successor, the Inland Empire Insurance Company. From Commissioner Thurman's testimony, and the testimony of other individuals having knowledge of the activities of the Company, it appears that it is impossible for this Committee, due to lack of time and jurisdiction, to pinpoint, or to obtain a clear and concise picture of the basic causes of the Company's failure. It was further pointed out by Commissioner Thurman and other witnesses that the scope of the Louisville Fire and Marine Insurance Company and Inland Empire was complex, extending into several states and territories with capitalization and management being vested in various groups and individuals beyond the jurisdiction of this Committee. There was further evidence, although not probative in nature, that certain groups or individuals connected with the Louisville Fire and Marine Insurance Company and its successor the Inland Empire for their own personal gain manipulated and caused to be watered and shown at inflated values the capital stock and assets of these companies. And while this Committee is unable to definitely establish this wrongful conduct as the primary cause of failure, it is of the opinion that further investigation of this matter by the proper authorities would be warranted. Commissioner Thurman, and other witnesses, experts in the field of insurance, impressed upon the Committee that our present insurance laws, as adopted in 1950, are considered by insurance authorities as a model code and has subsequently been adopted by other states. However, they further pointed out that certain changes in these laws would further strengthen the Department of Insurance, and they made certain recommendations in regard thereto, said recommendations being set out under the heading of Recommendations of the Committee in this report.

On Monday, January 23, 1956, at 3:00 p.m., the former Commissioner of Insurance, Hon. Syl Goebel, testified in regard to certain incidents and acts of individuals which had occurred during his administration. These acts and incidents had been brought to the attention of the Committee during the former hearing and by intensive investigation by this Committee. Commissioner Goebel was interrogated in regard to the eleven companies being admitted during the month of December, 1955, and testified regarding same as follows: That due to illness in the family in August, of 1955, he was forced to be away from his office until the latter part of November, 1955, during this period of time many pending applications accumulated in the office; that upon his return to the office, in the latter part of November, he immediately began checking said applications and attempting to clear as many as possible during the remainder of his administration; that the proper checks were made to insure proper qualifications under our laws, and that due to the mandatory provision of our law in regard to compulsory admittance, if the company seeking admittance is properly qualified, he had no other alternative than to admit said companies.

Commissioner Goebel testified that, according to the records of the Department of Insurance, the Louisville Fire and Marine Insurance Company qualified properly under the laws of the Commonwealth of Kentucky prior to his appointment; that their annual reports were reviewed each year; that nothing unusual in regard to the financial condition of the Company was shown or revealed by the reports required under our present laws; that he first learned of the shaky financial condition of the Louisville Fire and Marine Insurance Company on December 9, 1954; that he immediately took the required steps necessary to protect the Kentucky policy holders, agents, and claimants by reporting to the Governor, requesting special counsel, and petitioning the Franklin Circuit Court to place the Company under conservatorship or rehabilityship. Upon the Company's being placed in conservatorship, negotiations were begun and offers requested for this Company. On December 22, 1954, the Court rendered a decision in the case accepting the offer of the Inland Empire Insurance Company; that the Inland Empire Insurance Company by information furnished, as required by the insurance laws, indicated that this Company was sound; that an investigation of this Company other than required by the insurance laws would have taken approximately two years; that the Court approved the transaction and as the Company had properly qualified, he, as Commissioner, had no alternative other than to abide by the decision of the Court. It was further pointed out to the Committee by Commissioner Goebel that during the year 1954, the Louisville Fire and Marine Insurance Company had suffered tremendous losses due to hail, and from the Hazel hurricane on the East coast involving destruction of insured property under extended coverage.

On March 6, 1956, at a hearing held by the Committee, additional

evidence was obtained in regard to the Louisville Fire and Marine Insurance Company and its successor the Inland Empire Insurance Company, by the testimony of the Hon. Louis Cox, of Frankfort, Kentucky, and the Hon. Earl Wilson of Louisville, Kentucky, attorneys.

Mr. Wilson was retained by, and represented, the Inland Empire Company and testified in regard to the court proceedings wherein the offer of the Inland Empire Insurance Company was accepted and approved by the Franklin Circuit Court in the conservatorship proceedings resulting from the failure of the Louisville Fire and Marine Insurance Company.

Mr. Cox testified that he was retained as special counsel by the former Commissioner of Insurance, Hon. Syl Goebel, to represent him as conservator and to handle the litigation resulting from the failure of the Louisville Fire and Marine. He testified in detail as to the entire proceedings and filed with the Committee the various orders and final judgment of the Court in disposing of the matter.

Commissioner Goebel further testified that during his administration, no public official of the Commonwealth, nor any individual residing therein, attempted to bring political pressure to bear upon him in order to prevent full compliance with any law or other matter regulated by the statutes governing the insurance department; that he knew of no act by any official, employee, or individual, connected with the insurance department, directly or indirectly, which admitted to any wrong doing. This testimony was substantiated or corroborated by other witnesses who had been linked, by accusation, rumor, or innuendo, to activities occuring within the Department which was alleged to have amounted to wrongful conduct or bad faith. The former commissioner further testified in regard to our present insurance laws and stated that the code under which we operated was deemed by insurance authorities to be a model one, but that some changes could further strengthen the Department, and he made recommendations concerning these changes which are fully set out under the subsection "Recommendations of the Committee." He further pointed out that there are approximately seven hundred insurance companies licensed to do business in the State of Kentucky, which involves the writing of $200,000,000.00 in premiums, and in addition, the Department collects between $4,000,000.00 and $5,000,000.00 annually in taxes that are part of the general fund.

In early February, 1956, a sub-committee went to Texas for the purpose of investigating reports and rumors to the effect that official proceedings in Texas had disclosed indications of impropriety in the conduct of the Kentucky Insurance Department and other individuals residing in Kentucky. That committee conferred with Attorney General John Ben Sheppard, of the State of Texas, and at a conference in the Attorney General's Office was advised of the shaky condition of many Texas insurance companies and the steps being taken to correct same.

Attorney General Sheppard assigned an assistant attorney general to work with the committee during the course of its investigation within that State. A three-hundred page complaint had been filed by Mr. J. D. Wheeler, the receiver of the General American Insurance Company, alleging that certain officials of the Department of Insurance of Texas had been guilty of conduct which amounted to a criminal conspiracy. It was further alleged that the officers and directors of the General American Casualty Company had improperly influenced the insurance commissioner of Kentucky through various individuals residing within the Commonwealth.

The depositions of the attorneys for the receivership were taken by the Committee, and many exhibits were obtained relevant to the Company. Included were two recorded phone conversations between the representative of General American Insurance Company, Mr. Connie Suchard, who had been sent by the Company to Kentucky for the purpose of straightening out the claims set up, and two Company officials at the home office. In these conversations, Mr. Suchard advised these officials that he had contacted certain politicians and public officials in Kentucky and had "fixed" the situation.

The Commissioner of the State Insurance Department of Texas, Mr. Byron Saunders, was also interviewed in regard to this matter. The allegations made as to any irregularities here in Kentucky were found by the Committee to be based on unsworn and self-serving declarations of Mr. Suchard and the recorded phone conversations as set out above. When the sworn testimony of Suchard was taken by deposition in the judicial proceedings now pending in the State of Texas, he contradicted and refuted these unsworn statements and phone conversations.

At all the hearings, experts in the field of insurance testified in regard to the insurance code of the Commonwealth of Kentucky. Many changes were suggested and recommendations made. These recommendations are contained herein under the title "Recommendations to Committee".

Findings of the Committee

As a result of the hearings and evidence compiled, and after extensive investigation and a thorough study and examination of the record as a whole, this Committee finds the following facts to exist:

1. That no foreign insurance companies now doing business within the state of Kentucky have been admitted without the proper investigation and safeguards being made by the Department of Insurance, as required by the present laws.

2. That in general, insurance companies doing business within the Commonwealth are operating on a sound financial basis.

3. That many Texas insurance companies are unsound and great care and intensive investigation should be taken before any

Texas insurance company is admitted to do business within this state.

4. That the Insurance Department, at present as well as in the past, is and has, operated in accordance with insurance laws governing said Department and no evidence of any wrongful conduct on the part of any official or employee has been discovered by this Committee during the course of this investigation.

5. That no *competent* evidence was found whereby any public official of the state of Kentucky or any individual residing therein, brought about or caused to be brought about political pressure to bear on any official or employee of the Department of Insurance, to enhance special interests or to preclude the Department from performing its duties in compliance with insurance laws of the state.

6. That it is impossible for the Committee to pinpoint the basic causes of the failure of the Louisville Fire and Marine Insurance Company and its successor the Inland Empire Insurance Company, as their operations were complex, extending into several states and territories with capitalization and management being vested in various groups and individuals beyond the jurisdiction of this Committee. That further investigation of this matter should be made by the proper authorities.

Recommendations of the Committee

Your Committee has conducted this investigation with the thought that when an insurance company is organized and licensed with the State of Kentucky to do business, the responsibility and obligations are unquestionably a sacred trust. An insurance company should be as Caesar's wife "beyond reproach."

With the foregoing as a background, the Committee makes the following recommendations:

1. Kentucky policyholders and claimants should be protected against loss and insolvency of a company by one or more of the following methods:

(a) Enactment by the General Assembly of an insolvency law under which a percentage of each premium not over a fraction of 1% would be placed in a pool, and should any company become insolvent, then all loss to Kentucky policy holders and claimants be paid from the fund.

(b) That Federal legislation be enacted providing for protection to policy holders and claimants similar to that provided for depositors in banks under the Federal Depository Insurance Corporation Act.

2. Successful operation of a foreign company for a minimum of five years in its home state before being eligible to doing business in Kentucky. If Kentucky had had such a statute, the General

American Casualty Company would not have been eligible for admission.

3. Higher requirements of capital and surplus with a mandatory minimum requirement of five-hundred-thousand dollars ($500,000.00).

4. The Department of Insurance should be required to approve all re-insurance contracts entered into by all companies doing business within the State.

5. That the Attorney General of the United States be requested to instruct the proper Federal government agency to investigate the operations of Stewart Hopps, New York City, New York, and Lowell Birrell, San Francisco, California, and more particularly to an alleged criminal conspiracy in violation of the Federal laws entered into by them and other individuals connected either directly or indirectly with the operation of said companies.

6. It is the function of the insurance department to supervise approximately seven-hundred companies doing business within the state involving the writing of over $200,000,000.00 in premiums, the collection of between $4,000,000.00 and $5,000,000.00 annually in taxes. This necessitates:

(a) That trained and competent personnel, free from the feeling of insecurity in their jobs be employed by the department;

(b) The budget of the insurance department should be increased to provide for employment of additional trained and competent personnel to supervise the business of the department and their salaries should be increased in such amount as is commensurate with their training and ability.

7. The present tax paid on insurance premiums should be increased from 2% to 3%.

8. That the General Assembly recommend to the Congress of the United States that an investigation be made in order to determine whether the respective states can adequately regulate insurance, or whether the Federal Government should enact legislation governing insurance companies engaged in business amounting to or affecting interstate commerce.

CONCLUSION

Your Committee recommends that legislation be proposed to carry out the recommendations contained herein with the hope that the General Assembly of the Commonwealth of Kentucky will enact same into law.

That copies of this report be given to the Hon. A. B. Chandler, Governor of Kentucky, Hon. Harry Lee Waterfield, Lieutenant Governor, Hon. Timothy Fitzpatrick, Speaker of the House, and that same be sent to the Attorney General of the United States, the Presi-

dent and Secretary of the U. S. Senate, and the U. S. Senators of Kentucky, the Speaker and Clerk of the House of Representatives, and the U. S. Congressmen from Kentucky.

This report submitted to the Committee, this the 3rd day of April, 1956, and adopted by the undersigned members of the Committee:

(SIGNED):
Leon J. Shaikun, Chairman
C. W. Buchanan, Vice Chairman

Senate members:
Wayne W. Freeman
John W. Willis
Lloyd M. Greene
E. J. Kelly
Denver C. Knuckles
Albert H. Thomason

House members:
James W. Lambert
George F. Harris
Vernor Cottengim
Harry M. Caudill
Owen Billington
Morris Weintraub

Representative Morgan moved that the House concur in **SR 12.**

SR 12: A CONCURRENT RESOLUTION providing for sine die adjournment of the Third Extraordinary Session of the General Assembly, 1956.

Be it resolved by the Senate of the Commonwealth of Kentucky, the House of Representatives concurring therein:

That when the Senate and House of Representatives adjourn on April 6, 1956, they do adjourn sine die.

SR 12 was adopted.

Report on Enrolled Bills

Committee on Enrollment reported that **HB 1** had been examined and found correctly enrolled. Said bill read at length, compared, and signed in open session by the Speaker. Ordered delivered to the Senate.

HB 1 delivered, signed by President of the Senate. Ordered delivered to the Governor.

Recess

Representative Morgan moved the House do now recess for 15 minutes. Agreed.

At the appointed hour, the Speaker resumed the Chair and called the House to order.

Report on Enrolled Bills

Committee on Enrollment reported that **SR 5** and **SR 6** had been examined and found correctly enrolled. Said resolutions were read at length, compared, and signed in open session by the Speaker. Ordered delivered to the Senate.

Committee to Wait on Governor

Representative Morgan moved that the Speaker appoint a Committee to join a similar Committee from the Senate to wait upon the Governor to notify him that the business of the House had been concluded and to inquire if he has further business to communicate. Agreed.

The Speaker appointed the following committee: Representatives Howard V. Reid, Hill, Flanery, Greene, Jennings, Caudill and Qualls.

Representative Hill, on behalf of the Committee, reported that the Governor had been informed of the message from the House and the Governor consented to the adjournment of this Extraordinary Session. The Governor instructed the Committee to notify the members of his call for the Fourth Extraordinary Session, and to deliver the official proclamation calling for such Fourth Extraordinary Session.

Representative Morgan moved that the House adjourn sine die. Agreed.

The Journal of the House has been read, compared and approved. The House adjourned sine die.

APPROVED:
(Signed) THOMAS P. FITZPATRICK, Speaker

ATTEST:
JAMES C. CUBBAGE, Chief Clerk

JOURNAL

OF THE

House of Representatives

OF THE

COMMONWEALTH OF KENTUCKY

FOURTH EXTRAORDINARY SESSION OF 1956

Held in the State Capitol in the Capital City of Kentucky, at
Frankfort, in the Year of Our Lord 1956 and
in the One Hundred and Sixty-Fourth
Year of the Commonwealth

Begun on the Sixth Day of April, 1956, and Adjourned Sine Die
on the Twenty-seventh Day of April, 1956

JOURNAL OF THE SESSION
OF THE
HOUSE OF REPRESENTATIVES
OF THE COMMONWEALTH OF KENTUCKY

FOURTH EXTRAORDINARY SESSION OF 1956

FRIDAY, APRIL 6, 1956
FIRST LEGISLATIVE DAY

At an Extraordinary Session of the General Assembly of the Commonwealth of Kentucky, held at the Capitol in the City of Frankfort, and begun on April 6, 1956, and in the one hundred and sixty-fourth year of the Commonwealth, in compliance with a proclamation issued by the Governor of the Commonwealth, the House of Representatives was called to order by the Honorable Thomas P. Fitzpatrick, Speaker of the House of Representatives.

The Clerk read the following proclamation:

I, THELMA L. STOVALL, Secretary of State for the Commonwealth of Kentucky, do certify that the foregoing writing has been carefully compared by me with the original record thereof, now in my official custody as Secretary of State and remaining on file in my office, and found to be a true and correct copy of the Proclamation by the Governor of the Commonwealth of Kentucky, proclaiming the convening of the General Assembly of Kentucky in Extraordinary Session at the seat of government at Frankfort, Kentucky, at 2:00 P.M. on Friday, April 6, 1956.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal.
Done at Frankfort this 6th day of April, 1956
(Signed) THELMA L. STOVALL
(SEAL) Secretary of State; Commonwealth of Kentucky

PROCLAMATION BY THE GOVERNOR OF THE COMMONWEALTH OF KENTUCKY

TO ALL TO WHOM THESE PRESENTS SHALL COME:

WHEREAS, the General Assembly of the Commonwealth of Kentucky, in its Third Extraordinary Session, did enact "AN ACT relating to appropriations for the operation, maintenance, support and functioning of the Government of the Commonwealth of Kentucky and its various officers, departments, boards, institutions, subdivisions, agencies and other state supported activities;" and

WHEREAS, the expenditures required under the terms and provisions of the foregoing Act require that additional revenue be levied in order that the budget of the Commonwealth of Kentucky for the next biennium be in balance; and

WHEREAS, certain other needs of the Commonwealth, hereinafter included in this call, have come to the attention of the Governor;

NOW, THEREFORE, in order that the Commonwealth may operate on a balanced budget during the next biennium, that the following needs of the government of the Commonwealth be considered by the legislature, and according to the power vested in me by the Constitution and Statutes of Kentucky to convene the General Assembly in extraordinary session, I do hereby issue this, my proclamation, convening the General Assembly of Kentucky in Extraordinary Session at the seat of Government at Frankfort, Kentucky at 2:00 p.m. on Friday, April 6, 1956, for the sole purpose of considering the following subjects:

(1) To consider and enact legislation relating to revenue and taxation sufficient to meet the needs and requirements of the Commonwealth of Kentucky for the biennium beginning July 1, 1956 and ending June 30, 1958, as required by House Bill No. 1 of the Third Extraordinary Session of the 1956 General Assembly.

(2) To consider and enact legislation relating to unemployment compensation.

(3) Reasonable municipal annexation procedures having due regard for industrial development.

(4) Escheats.

(5) Appropriations for administration of revenue measures not provided for in the general appropriation bill, Third Extraordinary Session, General Assembly of 1956.

You will, therefore, in accordance with this proclamation, assemble in Extraordinary Session at the seat of government at Frankfort, Kentucky, on the day and date above written, to consider the subjects herein mentioned and only said subjects.

Done at Frankfort, Kentucky, this the 6th day of April in the year of our Lord, one thousand nine hundred and fifty-six, and in the year of the Commonwealth, the one hundred and sixty-fourth.

(Signed) A. B. CHANDLER, Governor

(SEAL)
(Signed) Thelma L. Stovall
Secretary of State

Prayer by the Reverend E. W. Baxter of the Episcopal Church, Frankfort.

The roll was called. All present except Barnum, Blue, Bush, Caudill, Cornett, Everett, Farmer, Flanery, Freeman, Gay, Greene, Griffin, Grundy, Harris, Heskamp, Holsclaw, Durham W. Howard, Jennings, Lambert, Lowman, Martin, McKinney, Melton, Murphy, Nunn, Nunnelley, Pollitte, Qualls, Ray, Rayburn, Howard V. Reid, Reynolds, Saylor, Tanner, Wathen, and Weintraub, who were granted leaves of absence on motion of Representative Morgan.

Introduction of Resolutions

HR 1, by Representative Morgan: A RESOLUTION adopting rules to govern the Fourth Extraordinary Session of the 1956 General Assembly.

Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky:

That the rules of the House of Representatives of the 1956 Regular Session of the General Assembly be adopted as the Rules of the House of Representatives of the Extraordinary Session of the General Assembly convened on April 6, 1956.

Representative Morgan moved adoption of **HR 1.** Adopted.

HR 2, by Representative Morgan: A RESOLUTION notifying the Senate and the Governor that the House of Representatives is organized.

Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky:

That the Speaker of the House of Representatives be authorized and directed to appoint a committee of seven members to notify the Senate that the House of Representatives is organized and ready for

business, and that this committee meet with a like committee to be appointed by the President of the Senate, and that said joint committee then call on the Governor of the Commonwealth of Kentucky to notify him that this General Assembly is duly organized and ready to receive any message that he may desire to deliver, his fixing the time and place.

Representative Morgan moved adoption of **HR 2.** Adopted.

Appointment of Committee

The Speaker appointed the following committee pursuant to **HR 2:** Representatives Howard V. Reid, Hill, Flanery, Greene, Jennings Caudill, and Qualls.

Joint Session

The Committee appointed to wait upon the Governor reported that the Governor was ready to address a Joint Session of the General Assembly.

The Senate entered upon the floor of the House and the Honorable Harry Lee Waterfield, Lieutenant-Governor and President of the Senate, assumed the Chair and called the Joint Session to order.

Prayer by the Reverend T. Herbert Tinsley, member of the House of Representatives.

Representative Morgan moved that the roll call be dispensed with. Agreed.

The Committee appointed to wait upon the Governor appeared with His Excellency, Albert B. Chandler, Governor of the Commonwealth of Kentucky, who took his place at the Clerk's desk.

The Governor addressed the General Assembly as follows:

ADDRESS OF GOVERNOR A. B. CHANDLER
TO THE FOURTH EXTRAORDINARY SESSION
OF THE GENERAL ASSEMBLY OF 1956

April 6, 1956

Governor Waterfield, Mr. Speaker Fitzpatrick, Members of the General Assembly:

I want to take this opportunity to express again to the members of this Assembly my deep appreciation for the splendid cooperation you have given in our joint efforts in both the Regular and the Special Sessions to provide the best legislation possible for the people of Kentucky.

I do not believe that any fair and impartial mind can review the legislation to date, which has been enacted through your efforts, without being convinced that this legislation establishes a landmark in the forward progress of Kentucky in providing for: the construction of greatly needed public highways; the initiation of a school program which will broaden educational opportunities for our children beyond that of any other period in our history; expansion of the health and welfare programs; and the reorganization of the administrative de-

partments to provide efficient and economical administration of the affairs of government.

I take a great personal pride in these accomplishments, and I believe that you will likewise take justifiable pride in the part that you have taken in bringing this constructive program to our people. As you know, the education of our children has been one of the most pressing problems facing the people of Kentucky for many years. It has become a tradition in Kentucky to accept the lowest place among the states with respect to educational standards. Now, by reason of our full implementation of the Minimum Foundation, Teacher's Retirement and other contributions to the educational program, we can raise our place to one of honor among the states. In this connection, it is appropriate for me to call to your attention a letter which Dr. Robert Martin, the Superintendent of Public Instruction, recently wrote with reference to the school legislation which you have enacted. You will recall that Dr. Martin was on the slate of my opponent in the recent Democratic primary and, therefore, has no political purpose in issuing a statement favorable to my administration; however, I want to take this opportunity to say to you that I have found Dr. Martin to be an extremely capable, honorable, efficient and forward-looking school administrator. I have taken the care to remind you briefly again of these facts concerning Dr. Martin because I believe that you and the public will accept his statement as being accurate and unbiased. That letter reads as follows:

"March 3, 1956

Honorable A. B. Chandler
Governor
Commonwealth of Kentucky
Frankfort, Kentucky

My dear Governor Chandler:

I have reviewed very carefully the laws which were enacted by the regular session of the 1956 General Assembly and I want to congratulate you and the members of the General Assembly for the fair and consistent support which you gave to education in this session. I am convinced that more good school legislation was enacted by the 1956 General Assembly than has been enacted by any General Assembly since the school code was developed in 1934. I want you to know how deeply we appreciate this fine support for education.

The highlights of the session might be listed in this manner:

1. The amended Foundation Program Law is a vastly improved measure over the one adopted two years ago.

2. The proposed constitutional amendment will make possible the development of a professional Department of Education to direct the school affairs of this state.

3. The Annual Governor's Conference on Education puts Ken-

tucky in the forefront of states which are periodically studying educational problems.

4. The amended annexation law will protect the interests of the various school districts and will allay numerous disputes.

5. The removal of maximum limits on the salaries of the presidents of the University and the state colleges, as well as the local school superintendents, will provide better educational leadership throughout the Commonwealth.

In fact there were twenty-one bills and six resolutions enacted into law which directly affect education. I can wholeheartedly endorse all of these except two of the measures which became law. These two, concerning the mandatory training of the mentally retarded and the rebinding of free textbooks, are of doubtful value and may even be detrimental. On the other hand, the Legislature wisely ignored numerous bills which were positively detrimental to education.

May I say to you, Governor, that education is definitely on the march. We are getting our house in order to make the tremendous strides to which you and I have dedicated ourselves.

Cordially yours,

Robert R. Martin
Superintendent of Public Instruction"

I consider, as I am sure you do, that this is a statement of great interest to the people of Kentucky and I am fearful that the statement has had such little publicity that many Kentuckians and many members of this General Assembly do not know of it.

Insofar as I have been able to ascertain, the public generally, including even the Courier-Journal, has wholeheartedly endorsed the budget which you adopted during the Third Extraordinary Session; however, the Courier-Journal attempted to obstruct the adoption of this progressive budget. To this end, the Courier-Journal, through its rigid and dictatorial thought control of the Democratic leaders in Louisville and Jefferson County, had each member of the General Assembly from Louisville and Jefferson County to sign a pledge to vote against this budget unless the revenue matters to be considered at this session were explored and debated in the preceding session.

You have, in this instance, the most deplorable example of dictatorial rule that I have ever witnessed in this Commonwealth or in the United States. It is a sad commentary on democracy when a group of members of this General Assembly is forced to sign a written pledge as to how they will vote and exercise their discretion before they even arrive at the State Capitol. Yet, the powers which forced the signing of such an agreement are always the first to accuse someone else.

Now, I come to the revenue and taxation program which I propose for your consideration. Because of the tremendously progressive legislation which you have enacted, particularly with reference to

the public schools, it was necessary that our tax structure be given careful consideration. The Department of Revenue, through the guidance of its commissioner, Mr. Luckett, has developed proposed legislation which I am proud to recommend to you. I believe that after you have thoroughly considered it in connection with the budget which you have already adopted, every member of this General Assembly will wholeheartedly endorse it, vote for it, and go back home and receive the gratitude of all your people there.

I am most happy to report to you that we do not find it necessary to impose a substantial tax burden upon a single citizen of this Commonwealth. To digress for a moment, I remind you that in the primary campaign I stated that I felt confident that the then existing tax laws would produce a total revenue approaching 100 million dollars annually. My opponents made light of this prediction. I am pleased to advise you that the Department of Revenue, after a careful detailed study of this matter by some of the most competent persons in the state, now confirms my prediction that existing laws will produce approximately 100 million dollars a year. This estimated revenue is confirmed officially in the biennial budget, which you have just adopted, and demonstrates that the criticism of these estimates by certain influences was unfounded.

However, I find, since coming to Frankfort, that in estimating expenditures there were certain hidden expenses which I could not possibly have anticipated, such as one and one-half million dollars which you have already had to provide for the State Fair project.

There is also included in the budget, funds to bring the bond reserve account for the Capitol Annex building up to the contractual requirement. I also find that the final cost of the Minimum Foundation Program exceeds the original estimates.

In view of the foregoing considerations, it is clear that some additional revenue will have to be collected, in order to give the people of Kentucky the educational program and other governmental services which have been promised them and are desired by the overwhelming majority. Under the proposed tax legislation, this additional revenue can be provided by making some equitable adjustments in the present tax structure without materially increasing the tax burden of a single person or family. I am indeed happy to report to you that there is no necessity at this time to impose a sales tax or any similar onerous and burdensome tax upon the people least able to pay it.

In general, these revenue proposals will spread the additional burden over the greatest number of people in the most equitable manner possible. My proposals cover adjustments in the following: (1) corporation income tax, (2) individual income tax, (3) intangible property tax, (4) insurance premium tax, and (5) distilled spirits tax. Two other proposals are included in the program. One is a documentary tax intended primarily for a regulatory purpose and the

other concerns the escheat of property presumed abandoned. Each of these proposals will be discussed.

Income Taxes

In all of the following proposals the deductibility of federal income taxes is retained. For those individuals who itemize their deductions, the increased Kentucky tax will lower their federal tax. Hence, a considerable portion of the increase in Kentucky income taxes will be borne by the Federal Government. For corporations, approximately half the proposed increase in Kentucky tax will thus be absorbed by the Federal Government.

Corporation Income Tax

I propose to increase the rate, which is now 4.5 per cent, to 5 per cent on the first $25,000 and 7 per cent on all over $25,000 of net taxable income, effective for taxable years ending June 30, 1956, and thereafter. This will accomplish two purposes. First, it will raise an estimated additional $4.5 million of revenue in 1956-57 and $4.6 million in 1957-58 under present conditions. Secondly, it will correct a long-standing inequity. Under the flat rate, the 4,350 corporations with less than $25,000 net income can write off only 30 per cent of their Kentucky tax as a federal deduction, whereas some 670 corporations with more than $25,000 net can write off Kentucky tax at the 52 per cent federal rate. Thus, because of deductibility the effective rate will average slightly less than 3.5 per cent of net taxable income. The following table illustrates how my proposal creates more equity by producing more uniform effective rates:

Kentucky Net Taxable Income	Current Effective Rate	Proposed Effective Rate
$ 10,000	3.19%	3.55%
30,000	3.06	3.41
50,000	2.72	3.25
100,000	2.47	3.37
1,000,000	2.24	3.47
10,000,000	2.21	3.49

Let me give you a few examples to show what the actual tax increase would be in dollars:

Company with Taxable Net Income	Total Federal and State Taxes	Total Tax Increase	Per Cent Increase
$ 10,000	$ 3,223.57	$ 25.21	.8
50,000	21,152.47	127.11	.6
250,000	127,275.75	1,351.28	1.1
1,000,000	525,238.07	5,941.88	1.1

The increase in total income tax burden will not exceed 1.25 per

cent and for most corporations it will be less than 1 per cent of net taxable income.

There are those who will say that the proposed rates are too high and that corporations will expand elsewhere in the South. Let me point out the effective rates in some of these southern states where the so-called "grass is greener."

	Effective Tax Rate	
Arkansas	5%	
Georgia	4	
Maryland	4.5	
Mississippi	6.8	(Over $25,000)
North Carolina	6	
South Carolina	5	
Tennessee	3.75	
Virginia	5.00	
(Kentucky)	(3.5)	

You may readily see that all these states are higher than the proposed 3.5 effective rate for Kentucky. Bear in mind also that such an industrial giant as New York has a 5.5 *effective* rate and Pennsylvania has a 6 per cent *effective* rate.

I am confident you will agree that my proposal is exceedingly reasonable and fair to all concerned.

Individual Income Tax

I propose several changes in the individual income tax law, effective for taxable years ending December 31, 1956, and thereafter. The changes are designed primarily to correct some existing inequity, to conform more closely with provisions of the Federal Income Tax Code, and to raise additional revenue. They are as follows:

1. Disallow the deduction of state income tax—an unjustifiable provision introduced in 1954 which favors those who itemize deductions, particularly those with large incomes;
2. Substitute a flat $12.00 credit, for each exemption, in place of present variable credits of $20 for a single person, $40 for a married couple and $10 for each dependent.

The flat credit has much merit. It will save a lot of confusion and cause less error on returns because it is simpler to compute the credit.

The Federal Government allows a flat deduction of $600 for each exemption which, at our 2 per cent rate, also amounts to a $12.00 credit.

To show you how it works: At present, a married couple with one child gets a total credit of $50.00 ($40 for the couple and $10 for the child). Under the new proposal, the total credit would be $36 (3 exemptions X $12).

This proposal will broaden the tax base because a single person

will get $8 less credit and married couples will get $16 less credit than now. But I submit that while an estimated additional 150,000 persons will pay tax for the first time, the burden is small compared with what would be paid under a general sales tax which has been advocated by many and which is so onerous on those least able to pay.

3. Apply a surtax to raise additional revenue. I propose that the surtax be 10 per cent on the first $25 of tax; 20 per cent on the next $75 of tax; and 30 per cent on all tax over $100. Don't be alarmed by these rates. Remember we have retained deductibility of the Federal tax in computing the state tax.

Let me give you a few illustrations of what the $12 credit and surtax combined means dollar-wise for a married couple with one child:

Gross Income	Increased Tax
$ 2,500	$ 8
4,500	20
7,500	44
10,000	74
25,000	262

For taxpayers who itemize deductions for Federal purposes, the tax increase can be written off at applicable Federal rates beginning at 20 per cent.

4. Adopt the Federal Code of 1954 with minor exceptions.

To make it easier for taxpayers to file their state returns, it is desirable to use, as nearly as practicable, the same definitions as the Federal Government in determining taxable net income. By bringing our law more in line with Federal, we will cut the revenue slightly but I believe the purpose justifies it. Among the provisions liberalized, and which will benefit many, are those affecting dependents; medical expenses; contributions; annuities and child care. I think the Federal provision for working mothers, or widowers, is especially worthy.

Now let us tally up the net revenue effects of these proposed changes in the individual income tax law. The Department of Revenue estimates an additional $13,500,000 for 1956-57 and $14,500,000 for 1957-58.

Intangible Personal Property Tax

I propose two changes in the law affecting intangible taxes to raise revenue and to improve administration.

1. Increase the rate, effective 1957-58, on those classes of intangible property now taxed at 25 cents per $100 of assessed value to 40 cents. According to the Department of Revenue, there are about 60,000 individuals and corporations which will be concerned. Most of the intangibles tax is paid by a relatively few taxpayers who will be able to save on their federal and state income taxes. Thus, the net increase will not be as large as it appears. To the small holder with $1,000 in stocks, bonds or notes, the tax increase would be from $2.50 to $4.00, or $1.50.

This rate increase, together with normal growth, should produce an estimated additional $3,000,000 in 1957-58.

2. Transfer assessment and collection from the local level to the Department of Revenue. The first state assessment will be as of December 31, 1957, with tax collected during the 1958 income tax filing period. The intangibles are taxed only by the state and as local governments have never benefited, local administration has not produced the results believed possible.

This transfer will enable the county tax commissioner to concentrate his efforts in doing a better job on the assessment of property which is so vitally important to the financial well-being of the counties and the schools. While some improvement has been made in many counties in the assessment of real property, much more progress is needed. More attention must be given to improving the assessment of inventories and other classes of tangible property.

The job of the county tax commissioner needs to be strengthened for the duties he can best perform. Consistent with this objective, the compensation, allowance for deputy hire, and other authorized expenses of the county tax commissioner's office shall not be reduced.

Insurance Premium Taxes

I propose changes in the law to produce General Fund revenue and to consolidate revenue administration.

1. Establish a uniform premium tax rate of 2¾ per cent on all insurance written by all companies except certain church, fraternal, burial and cooperative associations. The effect of this proposal, aside from revenue, is to consider domestic companies the same as foreign. This is in line with the trend in other states to treat all companies alike as a matter of business fairness and to avoid retaliatory action.

This tax increase should not mean an increase in the life premiums to Kentucky policyholders, as I am informed that life premium rates are uniform throughout the United States and include an allowance for all state premium taxes.

The net gain to the General Fund will be $2,750,000 in 1956-57 and $2,900,000 in 1957-58.

2. Transfer, effective January 1, 1957, collection of the insurance premium taxes to the Department of Revenue. I believe it is important for regulatory agencies to concentrate their efforts on regulation. Likewise, I have long believed that the job of the Department of Revenue should be to administer all the revenue laws, insofar as it is practicable to do so. Because of advantages to be gained from coordination of reporting and auditing, I believe more effective enforcement of all the tax laws may be obtained.

Distilled Spirits Taxes

During the 1956 Regular Session of the General Assembly, House Bill No. 516 was enacted to increase the whiskey production tax from 5 cents to 10 cents per gallon. That legislation appeared to have pos-

sible far-reaching adverse effects upon the economy of Kentucky. Therefore, I asked Dr. James W. Martin, Commissioner of Finance, and Mr. James E. Luckett, Commissioner of Revenue, to make a complete study of the problem and report their findings and conclusions to me. This has been done and I want to read Dr. Martin's report which summarizes the substance of the findings:

"April 5, 1956

Honorable A. B. Chandler
Governor of Kentucky
Frankfort, Kentucky

Dear Governor:

Pursuant to your request, I have reviewed the data produced by the staff of the Department of Revenue respecting the alcoholic beverage production tax. I have also conducted some independent inquiry. As a result of this study, I think there is no doubt the recent increase of five cents a gallon should be repealed for the following reasons:

1. The effect on the growth of Kentucky's economy would be disastrous. The original act has already impaired the 'climate' for new industry; if it remains on the statute books, the damage will, in a measure be cumulative. This department has knowledge of specific manufacturing developments other than distilling which have been called off or held in abeyance in consequence of the legislation. The damage to retailers, to railroads, and to other businesses—aside from the payroll and other immediate reductions in distilling—as the distilling personnel and capital depart constitutes a shorter range tragedy to the economy that will be substantial.

2. The effect on the budget of the Commonwealth, although it cannot be predicted with precision, will undoubtedly be serious. The evidence seems to assure that my guess several weeks ago that production to the tune of 20 to 25 per cent of whiskey production will be driven out next year was over-conservative. I would now guess (a little more educated guess) that the higher rate will drive out of the state or out of business 30 to 40 per cent. (National Distillers, Schenleys, and Seagrams now produce about 60 per cent of all Kentucky whiskey. Roughly half of their production would doubtless go the first year.
Additional loss would stem from the outright failure of small Kentucky distillers, thereby encouraging monopoly.)

The consequence in budgetary items would be unpredictable losses in revenue over the next three or four years (a) in property tax accruals for state and local government, mainly for schools, (b) in income tax collections, (c) in excises such as amusement, cigarette, and alcohol consumer taxes, and (d), after about the second year, in alcohol production tax revenue. In the long

run, the measure cannot fail to affect adversely such remote tax revenues as those from inheritances.

3. Some members of the General Assembly misunderstand the economic character of the tax. This is apparent from their comparisons of the rate with that on cigarette *consumption*. The state, as you know, does not impose any *production* tax on cigarette or any other manufacturing. No other state imposes a general-coverage production tax on *any* important manufacturing business.

4. Ordinarily, if a tax measure proves objectionable in operation, the unfortunate results can be corrected by later repeal of the objectionable tax. The repeal of this rate increase is all the more urgent in view of the fact that damage done cannot be remedied by subsequent action. Most of the evil effects of *this* particular legislation would be continuing in the sense that repeal of the tax would never restore the economy.

5. The increase in the production tax is morally indefensible. There is no basis for the widespread destruction of property values all over the state which this act promises. If the increase remains on the statute book, the good name of Kentucky will suffer.

In your announcement of assignment to Luckett and myself to study the liquor production tax, you made a moral commitment to the press to being guided by the evidence. In our opinion, the evidence provides *no* support for the additional tax.

In conclusion, I would emphasize that the damage to the big distilleries would be minor. The injury to small Kentucky distillers would be fatal. The real damage would be to Kentucky.

Cordially yours,

JAMES W. MARTIN
Commissioner"

Mr. Luckett's report summarizes the revenue aspects of the problem and this report is available for your guidance. As this report shows, as a result of the extra 5 cents per gallon production tax, probably an estimated revenue of only one million dollars additional would be produced per year. I, therefore, present this estimate to you as a balancing figure for purposes of computing the receipts side of the budget at this time. Thus, it becomes highly important that you give serious consideration to the problems involved and take proper action which in your sound judgment is required to meet the state's need for revenue, but will not do irreparable damage to the state's economy.

On the subject of the whiskey tax problem, I have on several occasions expressed the view that our greatest tax difficulty arises from the fact that the Federal Government has so preempted the field

in Kentucky that Kentucky is precluded from collecting the taxes which it is entitled to collect from sources which would produce substantial revenue. Consider for this purpose that the Federal Government imposes a tax of $10.50 on each gallon of whiskey. It costs approximately 85 cents to produce a gallon of whiskey in the state of Kentucky; consequently, the federal tax alone is roughly twelve times the cost value of the whiskey itself. Such a tax is grossly unfair to the state of Kentucky and is a discrimination against Kentucky. For example, the basic industry in the state of Michigan is the production of automobiles, but the Federal Government does not impose a tax of twelve times the value of an automobile, and plenty of leeway is left for the state of Michigan to impose, if it so desires, a reasonable tax upon the automobile industry.

Similarly, your Federal Government does not impose a tax ten times the value of a gallon of oil produced in the state of Texas or some other oil-producing state, so that plenty of leeway is left in those states for them to impose a reasonable tax on the oil industry, if they so desire. Numerous other illustrations could be given to show clearly that, as a general proposition, the Federal Government does not so preempt the field of taxation in the various states that there is nothing left for those states to tax without destroying a major industry.

I, therefore, believe that if our representatives in Congress had seen fit to call this inequity to the attention of Congress and to propose legislation giving Kentucky reasonable, or at least some, relief that Congress would have passed such legislation. Certainly, we are entitled to believe and presume that the Congress of the United States will do what is fair and equitable and will not discriminate as between the states. Since I have faith in the fairness and integrity of Congress, as I know you do, I have prepared and will submit for your consideration the adoption of a resolution requesting the U. S. Congress to enact legislation which will provide that if any state in which whiskey is produced, imposes a tax up to two dollars per gallon, such tax shall be allowed as a credit against the payment of the $10.50 per gallon Federal tax. Such a provision would be fair to both the states in which whiskey is produced and the Federal Government.

This legislation would mean approximately 80 million dollars in additional taxes to the state of Kentucky. If such an act were passed by Congress, there would be no possible need for a sales tax within the foreseeable future. I, therefore, sincerely urge the adoption of this resolution and honestly believe that Congress will consider it favorably because it is fair and equitable.

Documentary Tax on Deeds

I propose a documentary tax on deeds for the purpose of calculating sounder assessment ratios. The tax would be levied on the transfer of real estate, at a rate of 10 cents for each $100 of value, effective January 1, 1957.

This new tax is intended more as a measuring device than for the $200,000 revenue that may be collected annually. I deem this measure important for the following reasons:

With the implementation of the Foundation Program for schools, it becomes increasingly necessary that the state have a more accurate measure of the local tax effort.

At the present time, the state must depend largely upon the Federal documentary stamp tax on deeds for assessment ratio data. It is common knowledge that enforcement of this Federal tax is not satisfactory. Therefore, I am proposing that we have our own independent measuring stick.

I should mention that a number of states have similar taxes, including Alabama, Tennessee and Virginia.

Escheat

I propose an amendment to our law on the escheat to the state of property presumed abandoned. The proposal is designed to clarify a provision to make possible the escheat of unclaimed Federal income tax refunds which may be presumed abandoned.

With the enactment of our proposal, the Department of Revenue will have a sound legal basis for proceeding to escheat such property. No estimate of such funds is made for this biennium as the actual escheat would undoubtedly be deferred until a later date.

BUDGET SUMMARY

I have said that we would balance the General Fund Biennial Budget by providing an adequate revenue program. The following summary shows how we propose to make both ends meet:

Estimated Expenditure Needs

	1956-57	1957-58
Grand Total General Fund Expenditures	$122,350,000	$126,000,000
Estimated Funds Available	100,720,770	100,000,000
Additional Needs	$ 21,629,230	$ 26,000,000
Appropriation for administration of new revenue legislation	165,000	215,000
Total Additional Needs	$ 21,794,230	$ 26,215,000

Estimated Revenue From Proposed Revenue Legislation

	1956-57	1957-58
Corporation Income	$ 4,500,000	$ 4,600,000
Individual Income	13,500,000	14,500,000
Intangibles		3,000,000
Insurance Premiums	2,750,000	2,900,000

Distilled Spirits	1,000,000	1,000,000
Documentary Tax on Deeds	100,000	200,000
Total Additional	$21,850,000	$26,200,000
Estimated Surplus end of 1956-57	55,770	
Estimated Surplus end of 1957-58		40,770

The detailed revenue estimates are being prepared by the Department of Revenue for the Department of Finance. This detail will be available to you when you convene Monday.

In closing my message, I take pride in what we together have accomplished in the previous sessions and I am confident that you will consider thoughtfully the program I have presented. I am convinced that its enactment will make possible the most progressive biennium in the history of Kentucky's State Government.

Mr. Morgan moved that the Joint Session of the General Assembly do now dissolve. Agreed.

The Speaker resumed the Chair and called the House to order.

Representative Morgan moved the Houes adjourn until 8:00 P.M., Monday, April 9th. Agreed.

MONDAY, APRIL 9, 1956

THIRD LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend H. Glenn Stephens of the South Frankfort Presbyterian Church, Frankfort.

The roll was called. All present except Baumgardner, Blue, Buchanan, Carter, Caudill, Embry, Griffin, Gullette, Hadden, Heyburn, Hill, Durham W. Howard, Jennings, Lowman, Melton, Miller, Nunnelley, Qualls, Rayburn, John B. Reed, Vernon Reed, Searcy, Thompson, Tinsley, Walsh, Weintraub, Lynn B. Wells, and Young, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for April 6, 1956, dispensed with and the same approved on motion of Representative Isler.

Introduction of Bills and Resolutions

HR 3, by Representative Burnley: A CONCURRENT RESOLUTION memoralizing Congress to reduce the tax burden on the major industries of the Commonwealth of Kentucky.

HB 1, by Representative Morgan: AN ACT relating to income taxes.

HB 2, by Representative Morgan: AN ACT relating to revenue and taxation.

HB 3, by Representative Morgan: AN ACT relating to revenue and taxation and recording of deeds and conveyances.

HB 4, by Representative Morgan: AN ACT relating to and levying a license tax on the privilege of issuing or using trading stamps as herein defined.

HB 5, by Representative Morgan: AN ACT relating to annexation of unincorporated territory by municipalities in Kentucky.

HB 6, by Representative Morgan: AN ACT amending KRS 341.490 and KRS 341.510.

HB 7, by Representative Morgan: AN ACT appropriating money to the Department of Revenue.

HB 8, by Representatives Caudill, Martin, Bridgers, Mackey, Hadden, Hahn, Thomas, Lowman, Breathitt, Griffin, Heyburn, Murphy, Saylor, Nunn, McFadden, McKinney, Barnum, Cornett, Williamson, Peace, Jennings, Reynolds, Buchanan, Miller, R. Reid, Dunsil, Freeman, Highland, Hislope, D. W. Howard, Lambert, Sloan, A. W. Wells, Pollitte, McCallum, Wilson, Ratcliffe, Mullins, Casey, Wirsch, and Embry: AN ACT relating to pari-mutuel and other similar systems of betting and the taxation thereof, and the appropriation of certain revenue therefrom.

HB 9, by Representative Bates: AN ACT relating to alcoholic beverage prohibition.

HB 10, by Representative Grigsby: AN ACT relating to pari-mutuel and other similar systems of betting and the taxation thereof.

HB 11, by Representative Freeman: AN ACT relating to revenue and taxation.

HB 12, by Representative Cottengim: AN ACT relating to revenue and taxation.

HB 13, by Representative Cottengim: AN ACT to provide for the raising of public revenue by imposing a tax upon the receipt of gross income to provide for the ascertainment assessment and collection of said tax and to provide penalties for the violation of the terms of this ACT and to repeal certain sections of the KRS.

HB 14, by Representative Davidson: AN ACT relating to revenue and taxation.

Recess

Representative Morgan moved that the House do now recess for 20 minutes for a Rules Committee Meeting. Agreed.

At the appointed hour, the Speaker resumed the Chair and called the House to order.

Representative Morgan moved that the rules be suspended for a Committee Report. Agreed.

Report of Committee

Committee on Rules reported **HB 1, HB 2, HB 3** and **HR 3** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

HB 1: AN ACT relating to income taxes.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. Section 141.010 of the Kentucky Revised Statutes is amended to read as follows:

As used in this Chapter, unless the context requires otherwise:

(1) "Commissioner" means the Commissioner of Revenue.

(2) "Department" means the Department of Revenue.

(3) "Internal Revenue Code" means the Internal Revenue Code in effect on January 1, 1956.

(4) "Dependent" means those persons defined as dependent under Section 152 of the Internal Revenue Code.

(5) "Fiduciary" means a guardian, trustee, executor, administrator, receiver, conservator, or any person acting in any fiduciary capacity for any person, estate or trust.

(6) "Fiscal year" means an accounting period of twelve months ending on the last day of any month other than December.

(7) "Individual" means a natural person.

(8) "Federal income tax" means income tax paid or accrued to the United States Government on income subject to assessment and taxation under the provisions of this chapter.

(9) "Net income," in the case of taxpayers other than corporations, means "gross income" as defined in Section 61 of the Internal Revenue Code less the deductions allowed under Parts VI and VII of Subchapter B, Chapter 1 of the Internal Revenue Code adjusted as follows:

(a) Exclude income that is exempt from state taxation by the Constitution and statutory laws of the United States.

(b) Exclude dividend income received during the taxable year upon stock of banks and trust companies organized under the laws of this state.

(c) Deduct "Federal income tax."

(d) Exclude the "net operating loss deduction."

(e) Include interest income derived from obligations of sister states and political subdivisions thereof.

(f) Include refunds of Federal income tax.

(g) Exclude any deduction for state taxes measured by net income;

Provided that partial exclusion of dividends received by individuals which is authorized by Section 116 of the Internal Revenue Code shall not be allowed.

If the taxpayer elects to deduct the standard deduction set forth in KRS 141.081, then "net income" means adjusted gross income less the standard deduction.

(10) "Net income," in the case of corporations, means "gross income" as defined in Section 61 of the Internal Revenue Code less the deductions allowed under Part VI of Subchapter B, Chapter 1 of the Internal Revenue Code and less the deduction allowed under Section 248 of the Internal Revenue Code adjusted as follows:

(a) Exclude income that is exempt from state taxation by the Constitution and statutory laws of the United States.

(b) Exclude dividend income received during the taxable year upon stock of banks and trust companies organized under the laws of this state.

(c) Include Federal income tax refunds.

(d) Include interest income derived from obligations of sister states and political subdivisions thereof.

(e) Exclude any deduction for state taxes measured by net income.

(f) Exclude the "net operating loss deduction."

(11) "Taxable net income," in the cases of corporations, means

"net income" derived from business done, property located, activities or sources in this state less "Federal income tax."

(12) "Adjusted gross income" means the same as adjusted gross income defined in Section 62 of the Internal Revenue Code, adjusted as follows:

(a) Exclude income that is exempt from state taxation by the Constitution and statutory laws of the United States.

(b) Exclude dividend income received during the taxable year upon stock of banks and trust companies organized under the laws of this state.

(c) Deduct "Federal income tax."

(d) Exclude the "net operating loss deduction."

(e) Include interest income derived from obligations of sister states and political subdivisions thereof.

(f) Include refunds of Federal income tax;

Provided that partial exclusions of dividends received by individuals which is authorized by Section 116 of the Internal Revenue Code shall not be allowed in determining "adjusted gross income."

(13) "Person" means and includes an individual, a fiduciary, a partnership, an employer, an employe and a corporation.

(14) "Taxable year" means the calendar or fiscal year ending during such calendar year, upon the basis of which net income is computed and in the case of a return made for a fractional part of a year under the provisions of this chapter or under regulations prescribed by the commissioner, "taxable year" means the period for which such return is made.

(15) "Net operating loss deduction" means the deduction allowed under Section 172 of the Internal Revenue Code.

(16) "Resident" means any individual domiciled within this state.

(17) "Nonresident" means any individual not a resident of this state.

(18) "Employer" means "employer" as defined in Section 3401 (d) of the Internal Revenue Code.

(19) "Employe" means "employe" as defined in Section 3401 (c) of the Internal Revenue Code.

(20) "Number of withholding exemptions claimed" means the number of withholding exemptions claimed in a withholding exemption certificate in effect under KRS 141.325, except that if no such certificate is in effect, the number of withholding exemptions claimed shall be considered to be zero.

(21) "Wages" means "wages" as defined in Section 3401 (a) of the Internal Revenue Code.

(22) "Payroll period" means a period for which a payment of wages is ordinarily made to the employe by his employer, and the term "miscellaneous payroll period" means a payroll period other than a daily, weekly, biweekly, semi-monthly, quarterly, semiannual, or annual payroll period.

(23) For the purpose of determining the maximum limitations of medical and dental expense deduction:

(a) "Head of household" means head of household as defined in Section 1 (b) (2) of the Internal Revenue Code.

(b) "Surviving spouse" means "surviving spouse" as defined in Section 2 (b) of the Internal Revenue Code.

(24) "Corporations" includes associations and joint stock companies.

(25) "Gross Income" means "gross income" as defined in Section 61 of the Internal Revenue Code adjusted as follows:

(a) Exclude income that is exempt from state taxation by the Constitution and statutory laws of the United States.

(b) Exclude dividend income received during the taxable year upon stock of banks and trust companies organized under the laws of this state.

(c) Include interest income derived from obligations of sister states and political subdivisions thereof.

(d) Include refunds of Federal income tax.

Partial exclusion of dividends received by individuals which is authorized by Section 116 of the Internal Revenue Code shall not be allowed.

Section 2. Section 141.020 of the Kentucky Revised Statutes is amended to read as follows:

(1) With respect to taxable years beginning after December 31, 1955, an annual tax, consisting of a normal tax and a surtax, shall be paid for each taxable year by every resident individual of this state, upon his entire net income as defined in this chapter. Normal tax shall be determined by applying the rates in subsection (2) to net income and subtracting allowable tax credits provided in subsection (3). Surtax shall be determined according to the rates in subsection (4). The annual tax due shall be the sum of the normal tax and the surtax.

(2) The following rates shall be applied to net income:

(a) Two percent of the amount of net income not exceeding three thousand dollars;

(b) Three percent of the amount of net income in excess of three thousand dollars but not in excess of four thousand dollars;

(c) Four percent of the amount of net income in excess of four thousand dollars but not in excess of five thousand dollars;

(d) Five percent of the amount of net income in excess of five thousand dollars but not in excess of eight thousand dollars;

(e) Six percent of the amount of net income in excess of eight thousand dollars.

(3) The following tax credits, when applicable, shall be deducted from the result obtained under subsection (2) to arrive at normal tax.

(a) Twelve dollars for an unmarried individual.

(b) Twelve dollars for a married individual filing a separate return and an additional twelve dollars for the spouse of taxpayer if a

separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer; or twenty-four dollars for married persons filing a joint return, provided neither spouse is the dependent of another taxpayer. The determination of marital status for the purpose of this section shall be made in the manner prescribed in Section 153 of the Internal Revenue Code.

(c) Twelve dollars credit for each dependent whose gross income for the calendar year in which the taxable year of the taxpayer begins is less than six hundred dollars, or who is a child, as defined in Section 151 (e) (3) of the Internal Revenue Code, of the taxpayer and who (i) has not attained the age of 19 at the close of the calendar year in which the taxable year of the taxpayer begins, or (ii) is a student. No exemption shall be allowed for any dependent who has made a joint return with his spouse.

(d) An additional twelve dollars credit if the taxpayer has attained the age of sixty-five before the close of the taxable year.

(e) An additional twelve dollars credit for taxpayer's spouse if a separate return is made by the taxpayer and if the taxpayer's spouse has attained the age of sixty-five before the close of the taxable year, and, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(f) An additional twelve dollars credit if the taxpayer is blind at the close of the taxable year.

(g) An additional twelve dollars credit for taxpayer's spouse if a separate return is made by the taxpayer and if the taxpayer's spouse is blind and, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(h) In the case of nonresidents, the tax credits allowable under this subsection shall be that proportion of those permitted therein that is represented by the ratio of the taxpayer's net income in this state to his total net income from all sources; or, if the taxpayer elects to pay the tax under KRS 141.025, as represented by the ratio of the taxpayer's adjusted gross income in this state to his total adjusted gross income.

(i) In the case of a fiduciary, other than an estate, the allowable tax credit shall be two dollars.

(j) In the case of an estate, the allowable tax credit shall be twelve dollars.

(4) The following rates shall be applied to the normal tax to determine the surtax:

(a) Ten percent of the amount of normal tax not in excess of twenty-five dollars;

(b) Twenty percent of the amount of normal tax in excess of twenty-five dollars but not in excess of one hundred dollars;

(c) Thirty percent of the amount of normal tax in excess of one hundred dollars.

(5) An annual tax shall be paid for each taxable year as specified in this section upon the entire net income, except as herein provided, from all tangible property located in this state, from all intangible property that has acquired a business site in this state, and from business, trade, profession, occupation or other activities carried on in this state, by natural persons not residents of this state. A nonresident individual shall be taxable only upon the amount of income received by him from labor performed, business done or from other activities in this state, from tangible property located in this state, and from intangible property that has acquired a business situs within this state. The remainder of the income received by him shall be deemed nontaxable by this state.

(6) Subject to the provisions of KRS 141.081 and KRS 141.082, any individual may elect to pay the annual tax imposed by KRS 141.025 in lieu of the tax levied under this section.

Section 3. Section 141.025 of the Kentucky Revised Statutes is amended to read as follows:

With respect to taxable years beginning after December 31, 1955, any individual whose adjusted gross income for the taxable year for which the return is filed does not exceed eight thousand dollars may elect to compute his annual tax under this section. This annual tax shall be determined by deducting the tax credits authorized by KRS 141.020 (3) from the amount indicated by the following table to arrive at the normal tax, to which there shall be added a surtax as determined by KRS 141.020 (4):

OPTIONAL TABLE

If Adjusted Gross Income Is Over	But Not Over	Amount Shall Be
$ 0	$ 50	$ .45
50	100	1.35
100	150	2.25
150	200	3.15
200	250	4.05
250	300	4.95
300	350	5.85
350	400	6.75
400	450	7.65
450	500	8.55
500	550	9.45
550	600	10.35
600	650	11.25
650	700	12.15

If Adjusted Gross Income Is Over	But Not Over	Amount Shall Be
700	750	13.05
750	800	13.95
800	850	14.85
850	900	15.75
900	950	16.65
950	1,000	17.55
1,000	1,050	18.45
1,050	1,100	19.35
1,100	1,150	20.25
1,150	1,200	21.15
1,200	1,250	22.05
1,250	1,300	22.95
1,300	1,350	23.85
1,350	1,400	24.75
1,400	1,450	25.65
1,450	1,500	26.55
1,500	1,550	27.45
1,550	1,600	28.35
1,600	1,650	29.25
1,650	1,700	30.15
1,700	1,750	31.05
1,750	1,800	31.95
1,800	1,850	32.85
1,850	1,900	33.75
1,900	1,950	34.65
1,950	2,000	35.55
2,000	2,050	36.45
2,050	2,100	37.35
2,100	2,150	38.25
2,150	2,200	39.15
2,200	2,250	40.05
2,250	2,300	40.95
2,300	2,350	41.85
2,350	2,400	42.75
2,400	2,450	43.65
2,450	2,500	44.55
2,500	2,550	45.45
2,550	2,600	46.35
2,600	2,650	47.25
2,650	2,700	48.15
2,700	2,750	49.05
2,750	2,800	49.95
2,800	2,850	50.85

If Adjusted Gross Income Is Over	But Not Over	Amount Shall Be
2,850	2,900	51.75
2,900	2,950	52.65
2,950	3,000	53.55
3,000	3,050	54.45
3,050	3,100	55.35
3,100	3,150	56.25
3,150	3,200	57.15
3,200	3,250	58.05
3,250	3,300	58.95
3,300	3,350	59.85
3,350	3,400	61.13
3,400	3,450	62.48
3,450	3,500	63.83
3,500	3,550	65.18
3,550	3,600	66.53
3,600	3,650	67.88
3,650	3,700	69.23
3,700	3,750	70.58
3,750	3,800	71.93
3,800	3,850	73.28
3,850	3,900	74.63
3,900	3,950	75.98
3,950	4,000	77.33
4,000	4,050	78.68
4,050	4,100	80.03
4,100	4,150	81.38
4,150	4,200	82.72
4,200	4,250	84.08
4,250	4,300	85.43
4,300	4,350	86.78
4,350	4,400	88.13
4,400	4,450	89.48
4,450	4,500	91.10
4,500	4,550	92.90
4,550	4,600	94.70
4,600	4,650	96.50
4,650	4,700	98.30
4,700	4,750	100.10
4,750	4,800	101.90
4,800	4,850	103.70
4,850	4,900	105.50
4,900	4,950	107.30
4,950	5,000	109.10

If Adjusted Gross Income Is Over	But Not Over	Amount Shall Be
5,000	5,050	111.00
5,050	5,100	113.00
5,100	5,150	115.00
5,150	5,200	117.00
5,200	5,250	119.00
5,250	5,300	121.00
5,300	5,350	123.00
5,350	5,400	125.00
5,400	5,450	127.00
5,450	5,500	129.00
5,500	8,000	130.00 plus 5% of excess of $5,500

Section 4. Section 141.040 of the Kentucky Revised Statutes is amended to read as follows:

Every corporation organized under the laws of this state and every foreign corporation doing business in this state, or deriving income from activities or other sources in this state, except state and national banks and trust companies, building and loan associations organized under the laws of this state and under the laws of the United States and making loans to members only, insurance companies, including farmers' or other mutual hail, cyclone, windstorm or fire insurance companies, insurers and reciprocal underwriters, and religious, educational, charitable and like corporations not organized or conducted for pecuniary profit, shall pay for each taxable year a tax to be computed by the department upon the taxable net income of the corporation. This tax shall be at the rate of five percent of the first twenty-five thousand dollars of the taxable net income and at the rate of seven percent of all in excess of twenty-five thousand dollars of the taxable net income of the corporation determined as provided in this chapter.

The provisions of this section shall be applicable to all corporations for all taxable years ending on or after June 30, 1956.

Section 5. Section 141.081 of the Kentucky Revised Statutes is amended to read as follows:

(1) An individual, at his election, may deduct from his adjusted gross income a standard deduction as follows:

(a) If his adjusted gross income is eight thousand dollars or more, the standard deduction shall be five hundred dollars;

(b) If his adjusted gross income is less than eight thousand dollars, the standard deduction shall be the amount as allowed by the application of the optional table contained in KRS 141.025.

(2) The standard deduction provided for in this section shall be

in lieu of all deductions and shall not be allowed in the case of a taxable year of less than twelve months on account of a change in the accounting period or in the case of a fiduciary.

Section 6. Section 141.082 of the Kentucky Revised Statutes is amended to read as follows:

(1) If the adjusted gross income shown on the return is eight thousand dollars or more, the standard deduction shall be allowed only if the taxpayer so elects in his return, and the department shall, by regulation, prescribe the manner of signifying such election in the return.

(2) If the adjusted gross income shown on the return is less than eight thousand dollars, the standard deduction shall be allowed only if the taxpayer elects in the manner prescribed in KRS 141.025 to pay the tax imposed by that section.

(3) If the taxpayer does not signify, in the manner prescribed by subsections (1) or (2) of this section, his election to take the standard deduction, it shall not be allowed.

(4) If the adjusted gross income shown on the return is eight thousand dollars or more, but the correct adjusted gross income is less than eight thousand dollars, then an election by the taxpayer under subsection (1) of this section to take the standard deduction shall be considered as an election to pay the tax imposed by KRS 141.025; and his failure to make, under subsection (1) of this section, an election to take the standard deduction shall be considered his election not to pay the tax imposed by KRS 141.025. If the adjusted gross income shown on the return is less than eight thousand dollars but the correct adjusted gross income is eight thousand dollars or more, than an election by the taxpayer under subsection (2) of this section to pay the tax imposed by KRS 141.025 shall be considered as his election to take the standard deduction; and his failure to elect, under subsection (2) of this section, to pay the tax imposed by KRS 141.025 shall be considered his election not to take the standard deduction.

(5) In the case of a husband and wife living together, the standard deduction provided for in KRS 141.081 shall not be allowed to either if the net income of one of the spouses is determined without regard to the standard deduction. The determination of the marital status shall be made in the manner prescribed in Section 153 of the Internal Revenue Code.

Section 7. Section 141.140 of the Kentucky Revised Statutes is amended to read as follows:

(1) If the taxpayer makes, or is required to make, a Federal income tax return, his income shall be computed for the purposes of this chapter on the basis of the same calendar or fiscal year required by the Federal Government, and he shall employ the same methods of accounting required for Federal income tax purposes.

(2) If a return is made by an individual for a period of less

than one year, the net income, computed on the basis of the period for which a separate return is made, shall be placed on an annual basis by multiplying the amount thereof by the number of days in the year and dividing by the number of days included in the period for which the separate return is made. The tax payable shall be such part of the tax computed on the annual basis as the number of days in the period is of the number of days in the year.

(3) If a return is made by a corporation for a period of less than one year, the taxable net income, computed on the basis of the period for which a separate return is made, shall be placed on an annual basis by multiplying the amount thereof by the number of days in the year and dividing by the number of days included in the period for which the separate return is made. The tax payable shall be such part of the tax computed on the annual basis as the number of days in the period is of the number of days in the year.

Section 8. Section 141.150 of the Kentucky Revised Statutes is amended to read as follows:

(1) Every corporation subject to the jurisdiction of this state, unless excused by the department, shall render a correct report, duly verified under oath, of its payments of dividends to residents of this state, stating the name and address of each shareholder, the number of shares owned by him, and the amount of dividends paid to him.

(2) Every person subject to the jurisdiction of this state, in whatever capacity acting, including lessees or mortgagors of real or personal property, fiduciaries and employers, making payment to another person, domiciled in this state, of interest, rent, premiums, annuities, compensations, remunerations, emoluments or other fixed or determinable gains, profits and income not subject to the withholding provisions contained in KRS 141.310 of six hundred dollars or more in any taxable year, shall render a true and accurate report to the department of the payments made. Every person subject to the jurisdiction of this state, in whatever capacity acting, making payment to another person, domiciled in this state, of wages shall render a true and accurate report to the department of the payments made. In the case of such payments made by the state and its political subdivisions, the officers or employes having information as to such payments designated by the department by the regulations hereinafter provided for shall make such reports. The reports shall be made under the regulations and in the form and manner and to the extent prescribed by the department, shall set forth the amount of the gains, wages, profits and income, and the name and address of the recipient of the payments. The department may also require any person to make information reports respecting non-residents it believes to be subject to income tax.

(3) The reports contemplated by this section may be required, regardless of amounts, in the case of payments of dividends or interest upon bonds, mortgages, deeds of trust or other similar obligations of

corporations. When necessary to make effective provisions of this section the name and address of the recipient of the income shall be furnished upon demand of the person paying the income. The provisions of this section shall not apply to the payment of interest on obligations of the United States or of this state, or the political subdivisions thereof.

Section 9. Section 141.180 of the Kentucky Revised Statutes is amended to read as follows:

(1) Every individual having for the taxable year a gross income of six hundred dollars or more shall make to the Department of Revenue a return stating specifically the items which he claims as deductions and tax credits allowed by this chapter, except that if any individual who has attained the age of sixty-five before the close of his taxable year shall be required to make a return only if he has for the taxable year a gross income of twelve hundred dollars or more. If the individual is unable to make his own return, the return shall be made by a duly authorized agent.

(2) An optional return properly filed under the provisions of KRS 141.025 shall be deemed sufficient to satisfy the provisions of this section.

(3) Each individual return shall be verified by a written declaration that it is made under the penalties of perjury.

Section 10. Section 141.210 of the Kentucky Revised Statutes is amended to read as follows:

(1) As soon as practicable after each return is received, the department shall examine and audit it. If the amount of tax computed by the department is greater than the amount returned by the taxpayer, the excess shall be assessed by the department within four years from the date the return was filed, except as provided in subsection (2) of this section, and except that in the case of a failure to file a return or of a fraudulent return the excess may be assessed at any time and in the case of a return wherein the taxpayer omits from net income an amount properly includible therein which is in excess of twenty-five percent of the amount of net income stated in the return the excess may be assessed at any time within six years after the return was filed; provided, however, that if any excess is assessed on account of any income which has been returned for taxation by any other taxpayer, the department, with the consent of such other taxpayer, his personal representatives or heirs, shall reduce the amount of the excess assessed for each year by the amount of the income tax paid for that year by such other taxpayer on account of the income in question. A notice of such assessment shall be mailed to the taxpayer. The time herein provided may be extended by agreement between the taxpayer and the department.

(2) For the purpose of subsection (1) of this section a return

filed before the last day prescribed by law for the filing thereof shall be considered as filed on such last day.

(3) It shall be the duty of every taxpayer to notify the department in writing of every examination of his books and records with respect to his net income as reported on his Federal income tax return within thirty days after he has or should have had knowledge of the beginning of such examination by the Internal Revenue Service. When any taxpayer executes a waiver of the statute of limitations on deficiencies or over-assessment of Federal income taxes, he shall notify the department in writing within thirty days from the date he signs such waiver. Failure on the part of a taxpayer to notify the department within the time prescribed of either of the above actions shall automatically suspend the limitations set forth in subsection (1) above, until ninety days after the department receives knowledge of such action.

Section 11. Section 141.300 of the Kentucky Revised Statutes is amended to read as follows:

(1) Every individual shall, at the time prescribed in subsection (3) of this section, make a declaration of his estimated tax for the taxable year if his gross income from sources other than wages upon which Kentucky income tax will be withheld can reasonably be expected to exceed one hundred dollars for the taxable year and his gross income to be six hundred dollars or more.

(2) In the declaration required under subsection (1) the individual shall state:

(a) The amount which he estimates as the amount of tax under KRS 141.020 for the taxable year;

(b) The amount which he estimates as the credits for the taxable year under KRS 141.310 and KRS 141.315;

(c) The excess of the amount estimated under subparagraph (a) over the amount estimated under subparagraph (b), which excess for purposes of this chapter shall be considered the estimated tax for the taxable year;

(d) Such other information as may be prescribed in regulations promulgated by the department.

(3) The declaration required under subsection (1) of this section shall be filed with the department on or before April 15 of the taxable year, except that if the requirements of subsection (1) of this section are first met:

(a) After April 1 and before July 2 of the taxable year, the declaration shall be filed on or before July 15 of the taxable year; or

(b) After July 1 and before November 2 of the taxable year, the declaration shall be filed on or before November 15 of the taxable year; or

(c) After November 1 of the taxable year, the declaration shall be filed on or before February 15 of the succeeding taxable year.

(4) An individual may make amendments of a declaration filed

during the taxable year under subsection (3) of this section, under regulations prescribed by the department.

(5) If on or before February 15 of the succeeding taxable year the taxpayer files a return for the taxable year for which the declaration is required and pays in full the amount computed on the return as payable then, under regulations prescribed by the department:

(a) If the declaration is not required to be filed during the taxable year, but is required to be filed on or before such February 15, such return shall, for the purposes of this section, be considered as such declaration; and

(b) If the tax shown on the return, reduced by the credits under KRS 141.350, is greater than the estimated tax shown in a declaration previously made or, in the last amendment thereof, such return shall, for the purposes of this section, be considered as the amendment of the declaration permitted by subsection (4) of this section to be filed on or before such February 15.

(6) The department shall promulgate regulations governing reasonable extensions of time for filing declarations and paying the estimated tax. Except in the case of taxpayers who are abroad, no such extension shall be for more than six months.

(7) If the taxpayer is unable to make his own declaration, the declaration shall be made by a duly authorized agent or by the guardian or other person charged with the care of the person or property of such taxpayer.

(8) For the purposes of KRS 131.190, a declaration of estimated tax shall be held and considered a return of income under this chapter.

Section 12. Section 141.310 of the Kentucky Revised Statutes is amended to read as follows:

(1) Every employer making payment of wages on or after July 1, 1956, shall deduct and withhold upon such wages a tax determined in accordance with the tables set forth in KRS 141.360 or KRS 141.315, as the case may be.

(2) If wages are paid with respect to a period which is not a payroll period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days, including Sundays and holidays, equal to the number of days in the period with respect to which such wages are paid.

(3) In any case in which wages are paid by an employer without regard to any payroll period or other period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days equal to the number of days, including Sundays and holidays, which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, whichever is the later.

(4) In determining the amount to be deducted and withheld under this section, the wages may, at the election of the employer, be computed to the nearest dollar.

(5) The tables mentioned in subsection (1) take into consideration Federal income taxes levied at the effective rates for taxable years beginning on or after January 1, 1954. If Congress changes substantially the effective rates, the department shall make such change in these tables as necessary to compensate for any increase or decrease in the effective Federal income tax rates.

(6) The department may permit the use of accounting machines to calculate the proper amount to be deducted from wages when the calculation so permitted produces substantially the same result set forth in the tables contained in KRS 141.360. Prior approval of such calculation shall be secured from the department at least thirty days before the first payroll period for which it is to be used.

(7) The department may, by regulations, authorize employers:

(a) to estimate the wages which will be paid to any employe in any quarter of the calendar year;

(b) to determine the amount to be deducted and withheld upon each payment of wages to such employe during such quarter as if the appropriate average of the wages so estimated constituted the actual wages paid; and

(c) to deduct and withhold upon any payment of wages to such employe during such quarter such amount as may be necessary to adjust the amount actually deducted and withheld upon the wages of such employe during such quarter to the amount that would be required to be deducted and withheld during such quarter if the payroll period of the employe was quarterly.

(8) The department is authorized to provide by regulation, under such conditions and to such extent as it deems proper, for withholding in addition to that otherwise required under this section and KRS 141.315 in cases in which the employer and the employe agree to such additional withholding. Such additional withholding shall for all purposes be considered tax required to be deducted and withheld under this chapter.

Section 13. Section 141.325 of the Kentucky Revised Statutes is amended to read as follows:

(1) An employe receiving wages shall on any day be entitled to the following withholding exemptions:

(a) One exemption for himself;

(b) One exemption for each dependent for whom he would be entitled to a tax credit under the provisions of KRS 141.020 (3) (c);

(c) If the employe is married, the exemption to which his spouse is entitled, or would be entitled if such spouse were an employe, under subparagraph (a) of this subsection, but only if such spouse does not have in effect a withholding exemption certificate claiming such exemption.

(2) Every employe shall, on or before July 1, 1954, or before the date of commencement of employment, whichever is later, furnish his employer with a signed withholding exemption certificate relating to the number of withholding exemptions which he claims, which in no event shall exceed the number to which he is entitled.

(3) Withholding exemption certificates shall take effect as of the beginning of the first payroll period ending, or the first payment of wages made without regard to a payroll period, on or after the date on which such certificate is so furnished; provided, that certificates furnished before July 1, 1954, shall be considered as furnished on that date.

(4) A withholding exemption certificate which takes effect under this section shall continue in effect which respect to the employer until another such certificate takes effect under this section. If a withholding exemption certificate is furnished to take the place of an existing certificate, the employer, at his option, may continue the old certificate in force with respect to all wages paid on or before the first status determination date, January 1 or July 1, which occurs at least thirty days after the date on which such new certificate is furnished.

(5) If, on any day during the calendar year, the number of withholding exemptions to which the employe may reasonably be expected to be entitled at the beginning of his next taxable year is different from the number to which the employe is entitled on such day, the employe shall in such cases and at such time as the department may prescribe, furnish the employer with a withholding exemption certificate relating to the number of exemptions which he claims with respect to such next taxable year, which shall in no event exceed the number to which he may reasonably be expected to be so entitled. Exemption certificates issued pursuant to this subsection shall not take effect with respect to any payment of wages made in the calendar year in which the certificate is furnished.

(6) If, on any day during the calendar year, the number of withholding exemptions to which the employe is entitled is less than the number of withholding exemptions claimed by the employe on the withholding exemption certificate then in effect with respect to him, the employe shall, within ten days thereafter, furnish the employer with a new withholding exemption certificate relating to the number of withholding exemptions which the employe then claims, which shall in no event exceed the number to which he is entitled on such day. If, on any day during the calendar year, the number of withholding exemptions to which the employe is entitled is greater than the number of withholding exemptions claimed, the employe may furnish the employer with a new withholding exemption certificate relating to the number of withholding exemptions which the employe then claims, which shall in no event exceed the number to which he is entitled on such day.

(7) Withholding exemption certificates shall be in such form and contain such information as the department may by regulations prescribe.

Section 14. Section 141.330 of the Kentucky Revised Statutes is amended to read as follows:

(1) Every employer required to deduct and withhold tax under KRS 141.310 and KRS 141.315 shall, for the quarterly period beginning July 1, 1954, and for each quarterly period thereafter, on or before the last day of the month following the close of each quarterly period make return and pay over to the department the tax required to be withheld under KRS 141.310 and KRS 141.315. A return shall be filed by every employer making payment of wages for each quarter in which wages were paid even though no tax has been withheld.

(2) If the department, in any case, has reason to believe that the collection of the tax provided for in subsection (1) of this section is in jeopardy, it may require the employer to make such return and pay such tax at any time.

(3) Every employer, who fails to withhold or pay to the department any sums required by this chapter to be withheld and paid, shall be personally and individually liable therefor to the Commonwealth; and any sum or sums withheld in accordance with the provisions of KRS 141.310 and KRS 141.315 shall be deemed to be held in trust for the Commonwealth.

(4) Actions for the recovery from an employer of sums required to be withheld in accordance with KRS 141.310 and KRS 141.315 shall be governed by the provisions of KRS Chapter 135. Any such action shall be brought within three years after the due date of the return required by subsection (1) of this section.

(5) The Commonwealth shall have a lien upon all the property of any employer who fails to withhold or pay over to the department sums required to be withheld under KRS 141.310 and KRS 141.315. If the employer withholds but fails to pay the amounts withheld to the department, the lien shall accrue as of the date the amounts withheld were required to be paid to the department. If the employer fails to withhold, the lien shall accrue at the time the liability of the employer becomes fixed.

Section 15. Section 141.360 of the Kentucky Revised Statutes is amended to read as follows:

Unless the tax levied under KRS 141.310 is determined as provided in KRS 141.315, such tax shall be determined in accordance with the following tables for all payments of wages made on and after July 1, 1956.

Commonwealth of Kentucky

DEPARTMENT OF REVENUE

WITHHOLDING TAX TABLES

If the payroll period with respect to an employee is WEEKLY

And the wages are		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10
		The amount of tax to be withheld shall be—										
$ 0	$ 12	2% of Wage	0	0	0	0	0	0	0	0	0	0
12	14	.23	.02	0	0	0	0	0	0	0	0	0
14	16	.26	.05	0	0	0	0	0	0	0	0	0
16	18	.29	.08	0	0	0	0	0	0	0	0	0
18	20	.32	.12	0	0	0	0	0	0	0	0	0
20	22	.36	.15	0	0	0	0	0	0	0	0	0
22	24	.39	.18	0	0	0	0	0	0	0	0	0
24	26	.42	.21	.01	0	0	0	0	0	0	0	0
26	28	.45	.25	.04	0	0	0	0	0	0	0	0
28	30	.49	.28	.07	0	0	0	0	0	0	0	0
30	32	.52	.31	.10	0	0	0	0	0	0	0	0
32	34	.55	.34	.14	0	0	0	0	0	0	0	0
34	36	.59	.38	.17	0	0	0	0	0	0	0	0
36	38	.62	.41	.20	0	0	0	0	0	0	0	0
38	40	.66	.44	.23	.03	0	0	0	0	0	0	0
40	42	.70	.47	.27	.06	0	0	0	0	0	0	0
42	44	.73	.51	.30	.09	0	0	0	0	0	0	0
44	46	.77	.54	.33	.12	0	0	0	0	0	0	0
46	48	.80	.58	.36	.15	0	0	0	0	0	0	0
48	50	.83	.61	.40	.19	0	0	0	0	0	0	0
50	52	.87	.65	.43	.22	.01	0	0	0	0	0	0
52	54	.90	.68	.46	.25	.04	0	0	0	0	0	0
54	56	.94	.72	.49	.28	.08	0	0	0	0	0	0
56	58	.97	.75	.53	.32	.11	0	0	0	0	0	0
58	60	1.01	.79	.56	.35	.14	0	0	0	0	0	0
60	62	1.04	.82	.60	.38	.17	0	0	0	0	0	0
62	64	1.08	.86	.63	.41	.21	0	0	0	0	0	0
64	66	1.11	.89	.67	.45	.24	.05	0	0	0	0	0
66	68	1.15	.92	.70	.48	.28	.10	0	0	0	0	0
68	70	1.18	.95	.74	.51	.33	.14	0	0	0	0	0
70	72	1.22	.99	.77	.57	.38	.19	0	0	0	0	0
72	74	1.25	1.03	.82	.62	.43	.24	.04	0	0	0	0
74	76	1.29	1.06	.87	.67	.48	.29	.10	0	0	0	0
76	78	1.32	1.12	.93	.73	.52	.34	.15	0	0	0	0
78	80	1.36	1.17	.98	.78	.58	.39	.20	0	0	0	0
80	82	1.42	1.22	1.03	.83	.63	.44	.25	.02	0	0	0
82	84	1.47	1.27	1.08	.89	.68	.48	.30	.08	0	0	0
84	86	1.52	1.32	1.14	.94	.74	.53	.35	.15	0	0	0
86	88	1.57	1.38	1.19	.99	.79	.59	.40	.23	0	0	0

88	90	1.62	1.43	1.25	1.04	.84	.64	.47	.30	.05	0	0
90	92	1.67	1.48	1.30	1.10	.90	.71	.53	.37	.13	0	0
92	94	1.72	1.53	1.35	1.15	.96	.78	.60	.43	.21	0	0
94	96	1.77	1.58	1.41	1.21	1.03	.85	.67	.50	.29	.04	0
96	98	1.82	1.64	1.46	1.28	1.10	.92	.74	.57	.38	.12	0
98	100	1.87	1.69	1.52	1.35	1.17	.99	.82	.65	.47	.21	0
100	105	1.99	1.83	1.70	1.52	1.35	1.18	1.01	.84	.68	.43	.18
105	110	2.14	2.00	1.88	1.71	1.54	1.37	1.21	1.05	.91	.71	.44
110	115	2.31	2.16	2.07	1.90	1.74	1.57	1.43	1.30	1.16	1.01	.74
115	120	2.49	2.35	2.26	2.10	1.96	1.82	1.68	1.54	1.40	1.26	1.04
120	125	2.69	2.54	2.48	2.35	2.20	2.06	1.93	1.79	1.65	1.51	1.34
125	130	2.88	2.75	2.74	2.61	2.46	2.31	2.17	2.03	1.89	1.76	1.62
130	135	3.09	3.00	3.00	2.87	2.73	2.58	2.43	2.28	2.14	2.00	1.86
135	140	3.33	3.25	3.26	3.13	2.99	2.85	2.70	2.55	2.40	2.25	2.11
140	145	3.56	3.50	3.52	3.39	3.25	3.11	2.96	2.81	2.66	2.51	2.36
145	150	3.80	3.73	3.78	3.65	3.51	3.38	3.23	3.08	2.93	2.78	2.63
150	155	4.04	3.96	4.04	3.91	3.77	3.64	3.50	3.35	3.20	3.05	2.90
155	160	4.28	4.20	4.30	4.17	4.03	3.90	3.76	3.61	3.46	3.31	3.16
160	165	4.51	4.44	4.57	4.43	4.30	4.16	4.03	3.88	3.73	3.58	3.43
165	170	4.75	4.68	4.83	4.69	4.56	4.42	4.29	4.15	4.00	3.85	3.70
170	175	4.98	4.91	5.09	4.95	4.82	4.68	4.55	4.41	4.26	4.12	4.00
175	180	5.20	5.15	5.35	5.21	5.08	4.94	4.81	4.67	4.56	4.44	4.32
180	185	5.43	5.38	5.61	5.47	5.34	5.20	5.09	4.99	4.88	4.76	4.64
185	190	5.66	5.61	5.87	5.73	5.61	5.51	5.40	5.30	5.20	5.08	4.96
190	195	5.87	5.83	6.13	6.02	5.92	5.81	5.71	5.61	5.51	5.40	5.28
195	200	6.09	6.04	6.41	6.32	6.22	6.12	6.02	5.91	5.81	5.71	5.59
200	205	6.30	6.26	6.70	6.62	6.52	6.42	6.32	6.22	6.11	6.01	5.90
205	210	6.52	6.48	6.99	6.92	6.83	6.72	6.62	6.52	6.42	6.32	6.21
210	215	6.72	6.73	7.28	7.21	7.13	7.03	6.93	6.83	6.72	6.62	6.52
215	220	6.96	6.99	7.57	7.50	7.43	7.34	7.23	7.13	7.03	6.93	6.83
220	225	7.20	7.24	7.85	7.79	7.72	7.64	7.54	7.43	7.33	7.23	7.13
225	230	7.44	7.48	8.14	8.08	8.01	7.94	7.84	7.74	7.64	7.53	7.43
230	235	7.68	7.73	8.43	8.36	8.30	8.23	8.15	8.04	7.94	7.84	7.74
235	240	7.93	7.97	8.72	8.66	8.59	8.52	8.45	8.35	8.24	8.14	8.04
240	245	8.17	8.21	9.01	8.94	8.88	8.81	8.75	8.65	8.55	8.45	8.35
245	250	8.41	8.45	9.30	9.23	9.17	9.10	9.03	8.96	8.85	8.75	8.65
250	255	8.63	8.69	9.59	9.52	9.45	9.39	9.32	9.26	9.16	9.05	8.95
255	260	8.85	8.93	9.87	9.81	9.74	9.68	9.61	9.54	9.46	9.36	9.26
260	265	9.08	9.16	10.16	10.10	10.03	9.97	9.90	9.83	9.77	9.66	9.56
265	270	9.30	9.39	10.45	10.39	10.32	10.25	10.19	10.12	10.06	9.97	9.87
270	275	9.52	9.61	10.73	10.67	10.61	10.54	10.48	10.41	10.34	10.27	10.17
275	280	9.74	9.83	11.01	10.96	10.90	10.83	10.76	10.70	10.63	10.57	10.47
280	285	9.97	10.05	11.28	11.25	11.18	11.12	11.05	10.99	10.92	10.85	10.78
285	290	10.18	10.28	11.55	11.52	11.48	11.41	11.34	11.28	11.21	11.15	11.08
290	295	10.39	10.50	11.83	11.80	11.76	11.70	11.63	11.57	11.50	11.43	11.37
295	300	10.60	10.72	12.10	12.07							
300 and over						5% of all over $300 plus						
		10.60	10.72	12.10	12.07	12.04	11.99	11.92	11.86	11.79	11.72	11.66

If the payroll period is bi-weekly the amount to be withheld shall be determined by dividing the amount of wages by two (2) and applying the weekly table and multiplying such amount by two (2).

Commonwealth of Kentucky

DEPARTMENT OF REVENUE

WITHHOLDING TAX TABLES

If the payroll period with respect to an employee is MONTHLY

And the wages are		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10
		The amount of tax to be withheld shall be—										
$ 0	$ 56	2% of Wage	0	0	0	0	0	0	0	0	0	0
56	60	.97	.07	0	0	0	0	0	0	0	0	0
60	64	1.04	.14	0	0	0	0	0	0	0	0	0
64	68	1.10	.20	0	0	0	0	0	0	0	0	0
68	72	1.17	.27	0	0	0	0	0	0	0	0	0
72	76	1.23	.33	0	0	0	0	0	0	0	0	0
76	80	1.30	.40	0	0	0	0	0	0	0	0	0
80	84	1.36	.46	0	0	0	0	0	0	0	0	0
84	88	1.43	.53	0	0	0	0	0	0	0	0	0
88	92	1.49	.59	0	0	0	0	0	0	0	0	0
92	96	1.56	.66	0	0	0	0	0	0	0	0	0
96	100	1.62	.72	0	0	0	0	0	0	0	0	0
100	104	1.69	.79	0	0	0	0	0	0	0	0	0
104	108	1.75	.85	0	0	0	0	0	0	0	0	0
108	112	1.82	.92	.01	0	0	0	0	0	0	0	0
112	116	1.88	.98	.08	0	0	0	0	0	0	0	0
116	120	1.95	1.05	.14	0	0	0	0	0	0	0	0
120	124	2.01	1.11	.21	0	0	0	0	0	0	0	0
124	128	2.08	1.18	.27	0	0	0	0	0	0	0	0
128	132	2.14	1.24	.34	0	0	0	0	0	0	0	0
132	136	2.21	1.31	.40	0	0	0	0	0	0	0	0
136	140	2.27	1.37	.47	0	0	0	0	0	0	0	0
140	144	2.34	1.44	.53	0	0	0	0	0	0	0	0
144	148	2.41	1.50	.60	0	0	0	0	0	0	0	0
148	152	2.48	1.57	.66	0	0	0	0	0	0	0	0
152	156	2.56	1.63	.73	0	0	0	0	0	0	0	0
156	160	2.63	1.70	.79	0	0	0	0	0	0	0	0
160	164	2.70	1.76	.86	0	0	0	0	0	0	0	0
164	168	2.77	1.83	.92	.02	0	0	0	0	0	0	0
168	172	2.84	1.89	.99	.09	0	0	0	0	0	0	0
172	176	2.91	1.96	1.05	.15	0	0	0	0	0	0	0
176	180	2.98	2.02	1.12	.22	0	0	0	0	0	0	0
180	184	3.05	2.09	1.18	.28	0	0	0	0	0	0	0
184	188	3.12	2.15	1.25	.35	0	0	0	0	0	0	0
188	192	3.19	2.22	1.31	.41	0	0	0	0	0	0	0
192	196	3.26	2.28	1.38	.48	0	0	0	0	0	0	0
196	200	3.33	2.35	1.44	.54	0	0	0	0	0	0	0
200	204	3.40	2.42	1.51	.61	0	0	0	0	0	0	0
204	208	3.47	2.49	1.57	.67	0	0	0	0	0	0	0
208	212	3.54	2.56	1.64	.74	0	0	0	0	0	0	0
212	216	3.61	2.63	1.70	.80	0	0	0	0	0	0	0
216	220	3.68	2.71	1.77	.87	0	0	0	0	0	0	0
220	224	3.74	2.78	1.83	.93	.03	0	0	0	0	0	0
224	228	3.81	2.85	1.90	1.00	.09	0	0	0	0	0	0
228	232	3.88	2.92	1.96	1.06	.16	0	0	0	0	0	0

232	236	3.95	2.99	2.03	1.13	.22	0	0	0	0	0	0
236	240	4.02	3.06	2.09	1.19	.29	0	0	0	0	0	0
240	248	4.16	3.20	2.22	1.32	.42	0	0	0	0	0	0
248	256	4.30	3.34	2.36	1.45	.55	0	0	0	0	0	0
256	264	4.44	3.48	2.50	1.58	.68	0	0	0	0	0	0
264	272	4.57	3.61	2.64	1.71	.81	0	0	0	0	0	0
272	280	4.72	3.75	2.78	1.84	.94	.05	0	0	0	0	0
280	288	4.85	3.89	2.93	1.97	1.07	.25	0	0	0	0	0
288	296	4.99	4.03	3.07	2.10	1.25	.44	0	0	0	0	0
296	304	5.13	4.17	3.21	2.25	1.44	.64	0	0	0	0	0
304	312	5.27	4.31	3.35	2.45	1.64	.83	0	0	0	0	0
312	320	5.41	4.45	3.54	2.67	1.83	1.03	.15	0	0	0	0
320	328	5.55	4.58	3.76	2.88	2.03	1.22	.39	0	0	0	0
328	336	5.69	4.79	3.97	3.09	2.22	1.42	.62	0	0	0	0
336	344	5.84	5.00	4.18	3.30	2.43	1.61	.81	0	0	0	0
344	352	6.05	5.20	4.39	3.52	2.64	1.81	1.01	0	0	0	0
352	360	6.26	5.41	4.60	3.73	2.85	2.00	1.20	.24	0	0	0
360	368	6.46	5.62	4.82	3.94	3.07	2.20	1.39	.48	0	0	0
368	376	6.66	5.83	5.03	4.15	3.28	2.40	1.59	.77	0	0	0
376	384	6.86	6.04	5.24	4.37	3.49	2.61	1.83	1.09	0	0	0
384	392	7.06	6.24	5.45	4.58	3.70	2.84	2.09	1.38	.31	0	0
392	400	7.26	6.45	5.67	4.79	3.92	3.12	2.35	1.64	.62	0	0
400	420	7.76	6.97	6.20	5.37	4.60	3.83	3.06	2.29	1.43	.33	0
420	440	8.25	7.47	6.84	6.08	5.31	4.54	3.79	3.07	2.31	1.21	.11
440	460	8.75	8.10	7.55	6.78	6.02	5.30	4.58	3.86	3.14	2.11	1.01
460	480	9.40	8.76	8.26	7.53	6.80	6.09	5.37	4.71	4.11	3.29	2.11
480	500	10.08	9.42	9.02	8.31	7.59	6.89	6.29	5.69	5.09	4.49	3.29
500	520	10.80	10.16	9.79	9.10	8.48	7.88	7.28	6.68	6.08	5.48	4.49
520	540	11.59	10.96	10.66	10.08	9.46	8.86	8.26	7.66	7.06	6.46	5.69
540	560	12.37	11.76	11.71	11.12	10.50	9.85	9.24	8.64	8.04	7.44	6.84
560	580	13.15	12.76	12.75	12.16	11.56	10.91	10.26	9.63	9.03	8.43	7.83
580	600	14.10	13.75	13.79	13.21	12.62	11.98	11.33	10.68	10.03	9.41	8.81
600	640	16.00	15.68	15.88	15.29	14.71	14.11	13.46	12.81	12.16	11.51	10.86
640	680	17.90	17.57	17.96	17.38	16.79	16.21	15.59	14.94	14.29	13.64	12.99
680	720	19.80	19.47	20.05	19.46	18.88	18.29	17.71	17.08	16.43	15.78	15.13
720	760	21.65	21.37	22.13	21.55	20.96	20.38	19.79	19.21	18.56	17.97	17.45
760	800	23.46	23.26	24.22	23.63	23.05	22.46	21.95	21.51	21.05	20.53	20.01
800	840	25.24	25.05	26.29	25.77	25.33	24.89	24.45	24.00	23.56	23.08	22.56
840	880	26.96	26.77	28.55	28.21	27.76	27.32	26.88	26.44	26.00	25.55	25.05
880	920	28.67	28.58	30.86	30.58	30.20	29.75	29.31	28.87	28.43	27.99	27.54
920	960	30.48	30.64	33.17	32.89	32.60	32.19	31.75	31.30	30.86	30.42	29.98
960	1,000	32.41	32.59	35.48	35.19	34.91	34.62	34.18	33.74	33.30	32.85	32.41
1,000	1,040	34.35	34.53	37.79	37.50	37.22	36.93	36.61	36.17	35.73	35.29	34.85
1,040	1,080	36.28	36.46	40.10	39.80	39.53	39.24	38.95	38.61	38.16	37.72	37.28
1,080	1,120	38.07	38.40	42.41	42.12	41.83	41.55	41.26	40.98	40.60	40.15	39.71
1,120	1,160	39.85	40.23	44.71	44.43	44.14	43.86	43.57	43.29	43.00	42.59	42.15
1,160	1,200	41.63	42.01	46.97	46.74	46.45	46.17	45.88	45.59	45.31	45.02	44.58
1,200	1,250	43.85	44.23	49.70	49.57	49.34	49.05	48.77	48.48	48.19	47.91	47.62
1,250 and over					5% of all over	$1,250 plus						
		43.85	44.23	49.70	49.57	49.34	49.05	48.77	48.48	48.19	47.91	47.62

If the payroll period with respect to an employee is semi-monthly, the amount to be withheld shall be determined by multiplying the wages by two (2), applying the monthly table, and dividing the tax shown on the monthly table by two (2).

Commonwealth of Kentucky

DEPARTMENT OF REVENUE

WITHHOLDING TAX TABLES

If the payroll period with respect to an employee is DAILY

And the wages are		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10
		The amount of tax to be withheld shall be—										
$ 0	$1.75	2% of Wage	0	0	0	0	0	0	0	0	0	0
1.75	2.00	.03	.01	0	0	0	0	0	0	0	0	0
2.00	2.25	.04	.01	0	0	0	0	0	0	0	0	0
2.25	2.50	.04	.01	0	0	0	0	0	0	0	0	0
2.50	2.75	.04	.01	0	0	0	0	0	0	0	0	0
2.75	3.00	.05	.02	0	0	0	0	0	0	0	0	0
3.00	3.25	.05	.02	0	0	0	0	0	0	0	0	0
3.25	3.50	.06	.03	0	0	0	0	0	0	0	0	0
3.50	3.75	.06	.03	.01	0	0	0	0	0	0	0	0
3.75	4.00	.06	.03	.01	0	0	0	0	0	0	0	0
4.00	4.25	.07	.04	.01	0	0	0	0	0	0	0	0
4.25	4.50	.07	.04	.01	0	0	0	0	0	0	0	0
4.50	4.75	.08	.05	.02	0	0	0	0	0	0	0	0
4.75	5.00	.08	.05	.02	0	0	0	0	0	0	0	0
5.00	5.25	.09	.06	.03	0	0	0	0	0	0	0	0
5.25	5.50	.09	.06	.03	0	0	0	0	0	0	0	0
5.50	5.75	.09	.06	.03	.01	0	0	0	0	0	0	0
5.75	6.00	.10	.07	.04	.01	0	0	0	0	0	0	0
6.00	6.25	.10	.07	.04	.01	0	0	0	0	0	0	0
6.25	6.50	.11	.08	.05	.02	0	0	0	0	0	0	0
6.50	6.75	.11	.08	.05	.02	0	0	0	0	0	0	0
6.75	7.00	.12	.08	.05	.02	0	0	0	0	0	0	0
7.00	7.25	.12	.09	.06	.03	0	0	0	0	0	0	0
7.25	7.50	.13	.09	.06	.03	.01	0	0	0	0	0	0
7.50	7.75	.13	.10	.07	.04	.01	0	0	0	0	0	0
7.75	8.00	.13	.10	.07	.04	.01	0	0	0	0	0	0
8.00	8.25	.14	.11	.07	.04	.01	0	0	0	0	0	0
8.25	8.50	.14	.11	.08	.05	.02	0	0	0	0	0	0
8.50	8.75	.15	.11	.08	.05	.02	0	0	0	0	0	0
8.75	9.00	.15	.12	.09	.06	.03	0	0	0	0	0	0
9.00	9.25	.16	.12	.09	.06	.03	0	0	0	0	0	0
9.25	9.50	.16	.13	.10	.06	.03	.01	0	0	0	0	0
9.50	9.75	.16	.13	.10	.07	.04	.01	0	0	0	0	0
9.75	10.00	.17	.14	.10	.07	.04	.02	0	0	0	0	0
10.00	10.50	.18	.15	.11	.08	.06	.03	0	0	0	0	0
10.50	11.00	.19	.15	.13	.10	.07	.04	.02	0	0	0	0
11.00	11.50	.20	.17	.14	.11	.08	.05	.03	0	0	0	0

11.50	12.00	.21	.18	.15	.12	.10	.07	.04	.01	0	0	0
12.00	12.50	.22	.19	.17	.14	.11	.08	.05	.02	0	0	0
12.50	13.00	.23	.21	.18	.15	.12	.09	.07	.04	.01	0	0
13.00	13.50	.25	.22	.19	.16	.14	.11	.08	.06	.03	0	0
13.50	14.00	.26	.23	.21	.18	.15	.13	.10	.08	.05	.01	0
14.00	14.50	.27	.24	.22	.20	.17	.15	.12	.10	.07	.03	0
14.50	15.00	.28	.26	.24	.21	.19	.16	.14	.12	.09	.06	.02
15.00	15.50	.30	.28	.26	.23	.21	.18	.16	.14	.11	.08	.04
15.50	16.00	.31	.29	.28	.25	.23	.20	.18	.16	.14	.11	.07
16.00	16.50	.33	.31	.29	.27	.25	.22	.20	.18	.16	.14	.10
16.50	17.00	.35	.33	.31	.29	.27	.25	.23	.21	.19	.17	.13
17.00	17.50	.37	.35	.33	.31	.29	.27	.25	.23	.21	.19	.16
17.50	18.00	.39	.37	.36	.34	.32	.30	.28	.26	.24	.22	.19
18.00	18.50	.41	.39	.38	.36	.34	.32	.30	.28	.26	.24	.22
18.50	19.00	.43	.41	.41	.39	.37	.35	.32	.30	.28	.26	.24
19.00	19.50	.45	.43	.43	.41	.39	.37	.35	.33	.31	.29	.27
19.50	20.00	.47	.46	.46	.44	.42	.40	.38	.36	.33	.31	.29
20.00	21.00	.52	.51	.51	.49	.47	.45	.43	.41	.39	.37	.34
21.00	22.00	.57	.55	.56	.54	.52	.51	.48	.46	.44	.42	.40
22.00	23.00	.61	.60	.62	.60	.58	.56	.54	.52	.49	.47	.45
23.00	24.00	.66	.65	.67	.65	.63	.61	.59	.57	.55	.53	.50
24.00	25.00	.71	.70	.72	.70	.68	.66	.64	.62	.60	.58	.56
25.00	26.00	.75	.74	.77	.75	.73	.71	.69	.68	.66	.64	.62
26.00	27.00	.80	.79	.82	.81	.79	.77	.75	.74	.72	.71	.69
27.00	28.00	.84	.83	.88	.86	.84	.83	.81	.80	.79	.77	.75
28.00	29.00	.88	.88	.93	.92	.91	.89	.88	.86	.85	.83	.81
29.00	30.00	.93	.92	.99	.98	.97	.95	.94	.92	.91	.89	.88
30.00	31.00	.97	.97	1.05	1.04	1.03	1.01	1.00	.98	.97	.95	.94
31.00	32.00	1.02	1.02	1.11	1.10	1.09	1.07	1.06	1.04	1.03	1.01	1.00
32.00	33.00	1.06	1.07	1.16	1.15	1.14	1.13	1.12	1.10	1.09	1.07	1.06
33.00	34.00	1.11	1.12	1.22	1.21	1.20	1.19	1.18	1.17	1.15	1.14	1.12
34.00	35.00	1.16	1.17	1.28	1.27	1.26	1.25	1.24	1.23	1.21	1.20	1.18
35.00	36.00	1.21	1.22	1.34	1.33	1.32	1.31	1.30	1.29	1.27	1.26	1.24
36.00	37.00	1.25	1.26	1.39	1.38	1.38	1.37	1.36	1.35	1.33	1.32	1.30
37.00	38.00	1.30	1.31	1.45	1.44	1.43	1.42	1.41	1.40	1.39	1.38	1.36
38.00	39.00	1.34	1.36	1.51	1.50	1.49	1.48	1.47	1.46	1.45	1.44	1.43
39.00	40.00	1.39	1.40	1.57	1.56	1.55	1.54	1.53	1.52	1.51	1.50	1.49
40.00	41.00	1.43	1.44	1.62	1.62	1.61	1.60	1.59	1.58	1.57	1.56	1.55
41.00	42.00	1.48	1.49	1.67	1.67	1.66	1.65	1.64	1.64	1.63	1.62	1.61
42.00 and over						5% of all over $42.00 plus						
		1.48	1.49	1.67	1.67	1.66	1.65	1.64	1.64	1.63	1.62	1.61

This table shall be used in calculating the proper amount to be withheld in the case of a miscellaneous payroll period.

Commonwealth of Kentucky

DEPARTMENT OF REVENUE

WITHHOLDING TAX TABLES

If the payroll period with respect to an employee is QUARTERLY

And the wages are		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10
		The amount of tax to be withheld shall be—										
$ 0	$156	2% of Wage	0	0	0	0	0	0	0	0	0	0
156	168	2.73	.02	0	0	0	0	0	0	0	0	0
168	180	2.92	.21	0	0	0	0	0	0	0	0	0
180	192	3.12	.41	0	0	0	0	0	0	0	0	0
192	204	3.31	.60	0	0	0	0	0	0	0	0	0
204	216	3.51	.80	0	0	0	0	0	0	0	0	0
216	228	3.70	.99	0	0	0	0	0	0	0	0	0
228	240	3.90	1.19	0	0	0	0	0	0	0	0	0
240	252	4.09	1.39	0	0	0	0	0	0	0	0	0
252	264	4.29	1.58	0	0	0	0	0	0	0	0	0
264	276	4.48	1.78	0	0	0	0	0	0	0	0	0
276	288	4.68	1.97	0	0	0	0	0	0	0	0	0
288	300	4.87	2.17	0	0	0	0	0	0	0	0	0
300	312	5.07	2.36	0	0	0	0	0	0	0	0	0
312	324	5.26	2.56	0	0	0	0	0	0	0	0	0
324	336	5.46	2.75	.05	0	0	0	0	0	0	0	0
336	348	5.63	2.95	.24	0	0	0	0	0	0	0	0
348	360	5.85	3.14	.43	0	0	0	0	0	0	0	0
360	372	6.04	3.33	.63	0	0	0	0	0	0	0	0
372	384	6.24	3.53	.82	0	0	0	0	0	0	0	0
384	396	6.43	3.72	1.02	0	0	0	0	0	0	0	0
396	408	6.63	3.92	1.21	0	0	0	0	0	0	0	0
408	420	6.82	4.12	1.41	0	0	0	0	0	0	0	0
420	432	7.03	4.31	1.60	0	0	0	0	0	0	0	0
432	444	7.24	4.51	1.80	0	0	0	0	0	0	0	0
444	456	7.45	4.70	1.99	0	0	0	0	0	0	0	0
456	468	7.67	4.89	2.19	0	0	0	0	0	0	0	0
468	480	7.88	5.09	2.38	0	0	0	0	0	0	0	0
480	492	8.09	5.28	2.58	0	0	0	0	0	0	0	0
492	504	8.30	5.48	2.77	.07	0	0	0	0	0	0	0
504	516	8.51	5.67	2.97	.26	0	0	0	0	0	0	0
516	528	8.73	5.87	3.16	.46	0	0	0	0	0	0	0
528	540	8.94	6.06	3.36	.65	0	0	0	0	0	0	0
540	552	9.15	6.26	3.55	.85	0	0	0	0	0	0	0
552	564	9.36	6.45	3.75	1.04	0	0	0	0	0	0	0
564	576	9.57	6.65	3.94	1.24	0	0	0	0	0	0	0
576	588	9.78	6.84	4.14	1.43	0	0	0	0	0	0	0
588	600	9.99	7.05	4.33	1.62	0	0	0	0	0	0	0
600	612	10.19	7.26	4.53	1.82	0	0	0	0	0	0	0
612	624	10.40	7.48	4.72	2.01	0	0	0	0	0	0	0
624	636	10.61	7.69	4.92	2.21	0	0	0	0	0	0	0
636	648	10.82	7.90	5.11	2.40	0	0	0	0	0	0	0
648	660	11.03	8.11	5.31	2.60	0	0	0	0	0	0	0
660	672	11.23	8.33	5.50	2.79	.09	0	0	0	0	0	0
672	684	11.44	8.54	5.69	2.99	.28	0	0	0	0	0	0

684	696	11.65	8.75	5.89	3.18	.48	0	0	0	0	0	0
696	708	11.86	8.96	6.08	3.38	.67	0	0	0	0	0	0
708	720	12.07	9.18	6.28	3.57	.87	0	0	0	0	0	0
720	744	12.48	9.59	6.67	3.96	1.26	0	0	0	0	0	0
744	768	12.90	10.01	7.07	4.35	1.65	0	0	0	0	0	0
768	792	13.31	10.42	7.50	4.74	2.04	0	0	0	0	0	0
792	816	13.72	10.84	7.93	5.13	2.43	0	0	0	0	0	0
816	840	14.14	11.26	8.35	5.52	2.81	.16	0	0	0	0	0
840	864	14.56	11.67	8.77	5.91	3.21	.75	0	0	0	0	0
864	888	14.98	12.09	9.20	6.30	3.74	1.33	0	0	0	0	0
888	912	15.39	12.50	9.63	6.74	4.33	1.92	0	0	0	0	0
912	936	15.81	12.92	10.05	7.36	4.91	2.50	0	0	0	0	0
936	960	16.22	13.33	10.63	8.00	5.50	3.09	.46	0	0	0	0
960	984	16.64	13.75	11.26	8.64	6.08	3.67	1.18	0	0	0	0
984	1,008	17.05	14.36	11.90	9.27	6.66	4.26	1.85	0	0	0	0
1,008	1,032	17.52	14.98	12.54	9.91	7.28	4.84	2.43	0	0	0	0
1,032	1,056	18.14	15.61	13.18	10.55	7.92	5.42	3.02	0	0	0	0
1,056	1,080	18.76	16.23	13.81	11.18	8.56	6.01	3.60	.73	0	0	0
1,080	1,104	19.39	16.86	14.45	11.82	9.19	6.59	4.18	1.44	0	0	0
1,104	1,128	19.99	17.48	15.09	12.46	9.83	7.20	4.77	2.32	0	0	0
1,128	1,152	20.59	18.10	15.73	13.10	10.47	7.84	5.49	3.27	0	0	0
1,152	1,176	21.18	18.73	16.36	13.73	11.11	8.51	6.27	4.15	.92	0	0
1,176	1,200	21.78	19.35	17.00	14.37	11.74	9.37	7.06	4.93	1.87	0	0
1,200	1,260	23.27	20.91	18.60	16.10	13.79	11.49	9.19	6.88	4.29	.99	0
1,260	1,320	24.76	22.42	20.53	18.22	15.92	13.62	11.37	9.21	6.94	3.63	.33
1,320	1,380	26.24	24.29	22.65	20.35	18.05	15.89	13.73	11.57	9.41	6.33	3.03
1,380	1,440	28.19	26.27	24.78	22.57	20.41	18.25	16.09	14.12	12.32	9.88	6.33
1,440	1,500	30.24	28.26	27.05	24.94	22.78	20.68	18.88	17.08	15.28	13.48	9.88
1,500	1,560	32.39	30.49	29.36	27.30	25.43	23.63	21.83	20.03	18.23	16.43	13.48
1,560	1,620	34.75	32.88	31.99	30.24	28.38	26.58	24.78	22.98	21.18	19.38	17.08
1,620	1,680	37.12	35.28	35.12	33.36	31.49	29.54	27.73	25.93	24.13	22.33	20.53
1,680	1,740	39.46	38.27	38.25	36.49	34.69	32.74	30.79	28.88	27.08	25.28	23.48
1,740	1,800	42.31	41.26	41.37	39.62	37.86	35.94	33.99	32.04	30.09	28.24	26.44
1,800	1,920	48.00	47.03	47.63	45.86	44.12	42.34	40.39	38.44	36.49	34.54	32.59
1,920	2,040	53.70	52.72	53.89	52.13	50.38	48.62	46.78	44.83	42.88	40.93	38.98
2,040	2,160	59.39	58.42	60.14	58.38	56.63	54.87	53.12	51.23	49.28	47.33	45.38
2,160	2,280	64.95	64.11	66.40	64.64	62.89	61.13	59.38	57.62	55.67	53.91	52.35
2,280	2,400	70.36	69.78	72.65	70.90	69.14	67.39	65.86	64.54	63.15	61.59	60.03
2,400	2,520	75.73	75.15	78.88	77.31	75.99	74.66	73.34	72.01	70.68	69.23	67.67
2,520	2,640	80.88	80.30	85.66	84.62	83.29	81.96	80.64	79.31	77.99	76.66	75.16
2,640	2,760	86.00	85.74	92.59	91.73	90.59	89.26	87.94	86.61	85.28	83.96	82.63
2,760	2,880	91.43	91.91	99.51	98.66	97.80	96.57	95.24	93.91	92.59	91.26	89.94
2,880	3,000	97.24	97.78	106.44	105.58	104.72	103.87	102.54	101.21	99.89	98.56	97.24
3,000	3,120	103.04	103.59	113.36	112.51	111.65	110.79	109.84	108.51	107.19	105.86	104.54
3,120	3,240	108.84	109.39	120.29	119.41	118.58	117.72	116.86	115.82	114.49	113.16	111.84
3,240	3,360	114.21	115.19	127.22	126.36	125.50	124.65	123.79	122.93	121.79	120.46	119.14
3,360	3,480	119.55	120.68	134.13	133.29	132.43	131.57	130.71	129.86	129.00	127.77	126.44
3,480	3,600	124.89	126.02	140.92	140.21	139.36	138.50	137.64	136.78	135.92	135.07	133.74
3,600	3,750	131.56	132.69	149.11	148.72	148.01	147.16	146.30	145.44	144.58	143.72	142.87
3,750 and over						5% of all over $3,750 plus						
		131.56	132.69	149.11	148.72	148.01	147.16	146.30	145.44	144.58	143.72	142.87

Section 16. Section 141.990 of the Kentucky Revised Statutes is amended to read as follows:

(1) If any taxpayer fails or refuses to file a return or furnish any information requested in writing by the department, the department may make an estimate of the net income or adjusted net income from any information in its possession, assess the tax at not more than twice the amount estimated to be due and add a penalty of twenty-five percent of the amount of any deficiency tax assessed concerning such failure or refusal to file a return or furnish any information. This penalty shall be in addition to all other applicable penalties in this section.

(2) If any taxpayer fails to make and file a return required by this chapter on or before the due date of the return or the due date as extended by the department, then, unless it is shown to the satisfaction of the department that the failure is due to reasonable cause, five percent of the tax found to be due by the department shall be added to the tax for each thirty days or fraction thereof elapsing between the due date of the return and the date on which filed, but the total penalty shall not exceed twenty-five percent of the tax.

(3) If any part of any deficiency is due to negligence, or intentional disregard of rules and regulations but without intent to defraud, five percent of the total amount of the deficiency, in addition to the deficiency and other penalties provided in this section, shall apply.

(4) If any part of any deficiency is due to fraud with intent to evade tax, fifty percent of the total amount of the deficiency, in addition to the deficiency and other penalties provided in this section, shall apply.

(5) If the tax imposed by this chapter, whether assessed by the department, or the taxpayer, or any installment or portion of the tax is not paid on or before the date prescribed for its payment, there shall be collected, as a part of the tax, interest upon the unpaid amount at the rate of six percent per annum from the date prescribed for its payment until payment is actually made to the department. If any assessment made by the department is not paid within the time prescribed, or protested in accordance with KRS 131.110, the taxpayer shall pay as a penalty, in addition to the amount of the tax and other applicable penalties, one percent of the tax for each month the tax remains unpaid.

(6) Any person required under the provisions of KRS 141.150 or KRS 141.335 to furnish a statement required under that section who wilfully furnishes a false or fraudulent statement, or who wilfully fails to furnish a statement in the manner at the time and showing the information required under KRS 141.150 and KRS 141.335, shall for each such failure be subject to a civil penalty of ten dollars. Such penalty shall be assessed and collected by the department, and the assessment

of such penalty may be reviewed only in the manner provided in KRS 131.110.

(7) (a) Any employer required under the provisions of KRS 141.310 or KRS 141.315 to withhold taxes on wages and make quarterly returns and payment of amounts withheld to the department, who fails to withhold such taxes, or to make such returns, or who fails to remit amounts collected to the department, shall be subject to a civil penalty equal to twenty-five percent of the amount of taxes that should have been properly withheld and paid over to the department for each such failure. Such penalty shall be assessed and collected by the department and the assessment of such penalty may be reviewed only in the manner provided in KRS 131.110.

(b) Any employer required to file a return under the provisions of KRS 141.330 (1) when no tax should have been properly withheld, and who fails to file the same, shall be subject to a civil penalty of ten dollars for each violation. Such penalty shall be assessed and collected by the department and the assessment of such penalty may be reviewed only in the manner provided in KRS 131.110.

(8) (a) In the case of a failure to make and file a declaration of estimated tax within the time prescribed, unless such failure is shown to the satisfaction of the department to be due to reasonable cause and not to wilful neglect, there shall be added to the tax five percent of each installment due but unpaid, and one percent of the unpaid amount thereof for each month, except the first, or fraction thereof during which such amount remains unpaid. In no event shall the aggregate addition to the tax under this subparagraph with respect to any installment due but unpaid, exceed ten percent of the unpaid portion of such installment. For the purposes of this subparagraph, the amount and due date of each installment shall be the same as if a declaration had been filed within the time prescribed showing an estimated tax equal to the correct tax reduced by the credit allowed by KRS 141.350.

(b) Where a declaration of estimated tax has been made and filed within the time prescribed, or where a declaration of estimated tax has been made and filed after the time prescribed and the department has found that failure to make and file such declaration within the time prescribed was due to reasonable cause and not to wilful neglect, in the case of a failure to pay an installment of the estimated tax within the time prescribed, unless such failure is shown to the satisfaction of the department to be due to reasonable cause and not to wilful neglect, there shall be added to the tax five percent of the unpaid amount of such installment, and, in addition, one percent of such unpaid amount for each month, except the first, or fraction thereof during which such amount remains unpaid. In no event shall the aggregate addition to the tax under this subparagraph with respect to any installment due but unpaid, exceed ten percent of the unpaid portion of such installment.

(9) If eighty percent of the tax, determined without regard to the credit under KRS 141.350, in the case of individuals other than farmers exercising an election under subsection (5) of KRS 141.305, or sixty-six and two-thirds percent of such tax so determined in the case of such farmers, exceeds the estimated tax, increased by such credit, there shall be added to the tax an amount equal to such excess, or equal to six percent of the amount by which such tax so determined exceeds the estimated tax so increased, whichever is the lesser. This subsection shall not apply to the taxable year in which falls the death of the taxpayer, nor shall it apply to the taxable year in which the taxpayer makes a timely payment on April 15, July 15 and November 15, of such year, or in the case of farmers exercising an election under subsection (5) of KRS 141.305 within the last quarter, and making payment in an amount at least as great as though computed on the basis of the facts shown on his return for the preceding taxable year.

(10) Any penalty imposed by subsections (1), (2), (3), (4), (5), (6), (7), (8), or (9) of this section shall be assessed, collected, and paid in the same manner as if it were a deficiency.

(11) Every tax imposed by this chapter, and all increases, interest and penalties thereon, shall become, from the time it is due and payable, a personal debt to the state from the taxpayer or other person liable therefor.

(12) In addition to the penalties herein prescribed, any taxpayer or employer, who wilfully fails to make a return or wilfully makes a false return, or who wilfully fails to pay taxes owing or collected, with intent to evade payment of the tax or amounts collected, or any part thereof, shall upon conviction thereof be fined not less than five hundred dollars nor more than five thousand dollars, or confined in the penitentiary for not less than twelve months nor more than five years, or both.

Section 17. A new section of the Kentucky Revised Statutes is created to read as follows:

(1) Every individual and fiduciary reporting on a calendar year basis shall be permitted to deduct from the annual tax shown on his return of income for 1956 only, a sum equal to six percent of the tax due.

(2) Every individual and fiduciary reporting on a fiscal year basis and whose fiscal year begins on February 1, 1956, or on March 1, 1956, shall be permitted to deduct from the annual tax shown on his return of income for those fiscal years only, a sum equal to five and one-half percent and five percent, respectively, of the tax due.

Section 18. Section 141.060 of the Kentucky Revised Statutes is hereby repealed.

Section 19. Unless otherwise provided herein, the provisions of this Act shall be applicable to all individuals, fiduciaries and partnerships, for all taxable years beginning on or after January 1, 1956. With

respect to all taxable years beginning before January 1, 1956 the provisions of KRS Chapter 141 as they existed immediately prior to the enactment of this Act, shall remain applicable for all individuals, fiduciaries and partnerships, the same as though they had had not been amended or repealed by this Act.

Unless otherwise provided herein the provisions of this Act shall be applicable to all corporations for all taxable years ending on or after June 30, 1956. With respect to all taxable years ending on or before May 31, 1956, the provisions of KRS Chapter 141, as they existed immediately prior to the enactment of this Act, shall remain applicable for all corporations, the same as though they had not been amended by this Act.

Section 20. Whereas, it is to the best interest of the people of the Commonwealth of Kentucky that the provisions of this Act take effect at the earliest possible date, an emergency is declared to exist and this Act shall become effective immediately upon its passage and approval by the Governor.

HB 2: AN ACT relating to revenue and taxation.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1.

(1) As of December 31, 1957, and each year thereafter, all intangible personal property of individuals residing in this state and of corporations organized under the laws of this state, wherever located, and all intangible personal property having a business situs in this state, including notes, bonds, accounts, money on deposit, other than in banks or trust companies, and other credits, whether secured by mortgage pledge or unsecured, and shares of stock and any right to receive income, except for such intangible property that is now assessed by the Department of Revenue, shall be listed at face value with the Department of Revenue. Money in hand, cashier's checks, certified checks, officer's drafts, and other cash items and deposits belonging to a resident of Kentucky in national banks not of this state or in any bank, trust company, or combined bank and trust company not organized under the laws of this state, shall be listed at face value and assessed at fair cash value with the Department of Revenue as of September 1, 1957 and each year thereafter. In the case of securities which are regularly bought and sold through stock exchanges, the closing price at which such property sold on the assessment day shall be prima facie evidence of both the face and fair cash value of such property.

(2) Nothing in paragraph (1) shall forbid local taxation of franchise of corporations or of the shares of banks, trust companies or combined banks and trust companies doing business in this state, or domestic life insurance companies.

(3) The property required to be listed under paragraph (1) shall be reported on forms prescribed by the Department of Revenue.

Section 2.

The owner shall report the property required to be listed under Section 1 at its face value; assess it at fair cash value; and compute the tax at the rate of forty cents per one hundred dollars of assessed valuation. This report, together with the tax due, shall be filed with the Department on or before April 15, 1958, and on or before April 15 of each year thereafter.

Section 3.

(1) If any taxpayer fails to make and file the report required by this Act on or before the due date of the report, or the due date as extended by the Department, or fails to pay the tax when due, a penalty of five per cent per month, not to exceed ten per cent, of the tax found to be due by the Department shall be added to the tax for each thirty days or fraction thereof for which the taxpayer is in default either in making the report or in paying the tax, or both, elapsing between the due date of the return and the date on which filed, plus interest on the amount due at the rate of one-half of one per cent for each thirty-day period or fraction thereof.

(2) Where the Department discovers that the owner of intangible personal property has failed to file a report or has failed to list all such taxable property on his report by April 15 of 1958 or April 15 of any year thereafter, or has failed to file a report or has failed to list all such taxable property on his report for any year ten years prior to the date of discovery, such property shall be deemed omitted. If, after demand by the Department, any taxpayer refuses to voluntarily list such property, the Department shall make an estimate of the fair cash value of the property and assess it for taxation. All omitted property that should have been assessed prior to July 1, 1949 and January 1, 1957 shall be subject to the same penalties and rate of interest as provided by law for the years when the property was not assessed. After January 1, 1957, a penalty of twenty-five per cent of the tax due plus interest at the rate of one-half of one per cent for each thirty days or fraction thereof from the date due until paid shall be added for each year the property was omitted in addition to the penalties provided in paragraph (1) of this section.

(3) If any part of any deficiency is due to fraud, with intent to evade, fifty per cent of the total amount of the deficiency in addition to the deficiency and all other penalties and interest provided in this section shall apply.

(4) Nothing in this Act shall prevent the Department from estimating the fair cash value of omitted intangible property; assessing it for taxation; and requiring payment of the tax, penalties and interest due, as provided in paragraph (2), from the person assessed between January 1, 1957 and December 31, 1957.

Section 4.

Any taxpayer aggrieved by any action under this Act by the Department of Revenue may protest such action and appeal to the Kentucky Tax Commission and the Franklin Circuit Court, as provided in KRS 131.110, 131.120 and 131.125.

Section 5.

The Department of Revenue shall administer the provisions of this Act and make all rules and regulations necessary for its enforcement and may make jeopardy assessments as provided in KRS 131.150.

Section 6. Section 132.020 of the Kentucky Revised Statutes is amended to read as follows:

An annual ad valorem tax for state purposes of five cents upon each one hundred dollars of value of all real property directed to be assessed for taxation, and five cents upon each one hundred of value of all tobacco directed to be assessed for taxation, and forty cents upon each one hundred dollars of value of all money in hand, shares of stock, notes, bonds, accounts, money on deposit, and other credits, whether secured by mortgage, pledge or otherwise, or unsecured, five cents upon each one hundred dollars of value of unmanufactured agricultural products, and fifty cents upon each one hundred dollars of value of all other property directed to be assessed for taxation shall be paid by the owner or person assessed except as provided in KRS 132.030, 132.050, 132.200, 136.270, 136.300, 136.320 and other sections providing a different tax rate for particular property.

Section 7. Section 132.050 of the Kentucky Revised Statutes is amended to read as follows:

An annual tax at the rate of ten cents on each one hundred dollars of the fair cash value, based upon the assessed value as of December 31, 1957, and each year thereafter, of all items of direct or contingent indebtedness of customers to brokers making purchase or sales of securities for them in margin transactions shall be paid by such brokers. This tax shall be for state purposes only, and in lieu of all other ad valorem taxes by the state or by any county, city or other taxing district on such indebtedness to brokers. The assessment, equalization and collection of the tax shall be governed by the general laws applicable to intangible personal property other than that referred to in KRS 132.060.

Section 8. Section 132.215 of the Kentucky Revised Statutes is amended to read as follows:

(1) To the extent that the present right to receive income for the period of a life or lives, or other indeterminate period, may be held to be subject to assessment and taxation, the sole basis of the assessment value shall be the fair cash value estimated at the price that the particular right to receive income in question would bring at a fair voluntary sale.

(2) To the extent that a present right to receive income from any source for a life or lives or other indeterminate period, including the right to receive installment payments, even though for a determinate period, under the terms of a life insurance policy, payable by reason of the death of the insured, may be held to be subject to assessment for ad valorem taxes, the owner or person enjoying such right on December 31, 1957, and each year thereafter, shall pay a tax to the state of five cents upon each one hundred dollars of the fair cash value of his right on the assessment date, estimated at the price such right would bring at a fair voluntary sale. No other tax shall be assessed by the state or by any county, city, school district, or other taxing district on any such right, or against the holder of any such right on account thereof.

Section 9. Section 132.220 of the Kentucky Revised Statutes is amended to read as follows:

(1) Unmanufactured tobacco insofar as it is subject to taxation by KRS 132.190 and 132.200 shall be listed, assessed and valued as of September 1 of each year. All other taxable property and all interest in other taxable property, unless otherwise specifically provided by law, shall be listed, assessed and valued as of January 1 of each year. It shall be the duty of all persons owning or having any interest in any property subject to county or other district taxation in this state to list or have listed such property with the county tax commissioner of the county where it is located, between January 1 and March 1 in each year, except as otherwise provided by law. All persons in whose name property is properly assessed shall remain bound for the tax, notwithstanding they may have sold or parted with it.

(2) Any taxpayer who has a reasonable excuse for not listing his property before the county tax commissioner or his deputy may appear before any person authorized to administer an oath and make the necessary affidavit required by the schedule as to the value of his property and may then return the schedule to the county tax commissioner. This shall be a compliance with the law in his particular case.

(3) Real property or any interest therein shall be listed in the taxing district where it is located, by the owner of the first freehold estate therein, and it shall be assessed without reference to conflicting title. If the owner fails to list the property, the county tax commissioner shall nevertheless assess it. The county tax commisioner may swear witnesses in order to ascertain the person in whose name to make the list.

(4) Real property shall be assessed in the name of the owner, if ascertainable by the tax commissioner, otherwise, in the name of the occupant, if ascertainable, and, otherwise, to "Unknown owner." The undivided real estate of any deceased person may be assessed to the heirs or devisees of such person without designating them by name.

(5) Beginning in the year 1951, all real property exempt from taxation by Section 170 of the Constitution shall be listed with the county tax commissioner in the same manner and at the same time as taxable real property. The county tax commissioner shall maintain an inventory record of such tax exempt property, but such property shall not be placed on the tax rolls.

Section 10. Section 132.230 of the Kentucky Revised Statutes is amended to read as follows:

(1) Every person listing his property with the county tax commissioner shall state:

(a) Each separate tract of land, with the number of acres in each tract; the value per acre; each of the improvements thereon; the name of the nearest resident thereto; where located, giving the election precinct in which it is located; the number of each city lot and the improvements thereon, in what city, on which street, the value of each, and the value of the improvements thereon to the extent that they enhance the value of each lot; whether there is any land adjoining his owned by a non-resident of the county or state, giving the name and place of residence of any such owner, if known;

(b) The number of livestock, their type, species and value;

(c) All other property subject to county or other district taxation owned by him with the value thereof on January 1 of the year for which the assessment is made, unless otherwise provided by law; and

(d) Such other facts as may be required in the blanks provided.

(2) An error or informality in the description or location of the property, or in the name of the owner or person assessed, shall not invalidate the assessment if the property can with reasonable certainty be located or identified from the description given, in which case the collector may receive the taxes and by his receipt correct the error or informality.

Section 11. Section 132.270 of the Kentucky Revised Statutes is amended to read as follows:

Every person engaged in the business of receiving property in pledge or as security for money or other things advanced to pawners or pledgers shall return, under oath, the fair cash value of all property so pledged and held on January 1 of each year. Any intangible personal property shall be listed and the tax paid to the Department of Revenue as of December 31, 1957 and each year thereafter. Taxes shall be assessed on the value of such property to the person holding it as on other property owned by him and he shall have a lien on the property to secure the amount of tax due.

Section 12. Section 132.290 of the Kentucky Revised Statutes is amended to read as follows:

(1) Any property which has not been listed for taxation with

the county tax commissioner for any year in which it is taxable by the time the board of supervisors completes its work for that year shall be deemed omitted property.

(2) All omitted property that should have been assessed by the county tax commissioner may be assessed retroactively in the manner provided by law at any time within five years from the date when it became omitted, but the lien thereby accruing on any such property except real property shall not prejudice the rights of bona fide purchasers acquired in the meantime.

(3) All omitted property that should have been listed and assessed shall be subject to a penalty of ten per cent of the amount of the taxes, and interest at one per cent per month from the date when the taxes would have become delinquent had the property been listed as required by law, until the date the tax bill is prepared in accordance with KRS 133.230. When the property is assessed retroactively by action prosecuted in the manner provided by KRS 132.330 and 132.340, an additional penalty of twenty per cent of the amount of the original tax, interest and penalty shall be collected for the purpose provided in KRS 134.400 and paid into the State Treasury. All other penalties and interest shall be distributed in the same manner as the tax.

Section 13. Section 132.300 of the Kentucky Revised Statutes is amended to read as follows:

In addition to the penalties provided in Section 3 of this Act, failure to list any note, account or bond shall be a bar to any action upon the note, account or bond in any court and may be pleaded as a complete defense, but the holder thereof may at any time pay all taxes, penalties and accrued interest and thereupon be relieved from the defense.

Section 14. Section 132.330 of the Kentucky Revised Statutes is amended to read as follows:

The field agents, accountants and attorneys of the Department of Revenue shall cause to be listed for taxation all property omitted by the county tax commissioners, board of supervisors, Kentucky Tax Commission acting as a board of valuation and assessment, or any other assessing authority, for any year omitted. The agent, accountant or attorney proposing to have the property assessed shall file in the office of the county clerk of the county in which the property may be liable to assessment a statement containing a description and value of the property or corporate franchise proposed to be assessed, the name and place of residence of the owner, his agent or attorney, or person in possession of the property, if known, and the year the property was unassessed. The county clerk shall thereupon issue a summons against the owner, or person in possession of the property if the owner is unknown, to show cause before the next regular term of the county court that does not commence within five days after the service of the summons, why the property or corporate franchise shall not be assessed

at the value named in the statement filed. No judgment shall be rendered against the alleged owner unless the statement filed contains a description of the property sought to be assessed that will enable the court to identify it. The summons shall be executed by the sheriff by delivering a copy thereof to the owner, or if he is not in the county to his agent, attorney or person in possession of the property. If the property is real property, and the owner is known but is absent from the state and has no attorney or agent in this state and no one is in possession of the property, the summons shall be served by posting it in a conspicuous place upon the property; if the property consists of tangible personal property the summons shall be placed in a conspicuous place where the property is located. In the case of tangible property, where the owner and his place of residence are unknown and no one has possession of the property, an action for assessment shall be instituted by filing the petition above mentioned and procuring constructive service against the owner under the provisions of the Rules of Civil Procedure. In all of the above cases an attachment of the property omitted from assessment may be procured against the owner, at the time of the institution of the action or thereafter, and without the execution of a bond by the Commonwealth or its relator, by the representative of the Department of Revenue making an affidavit that the property described in the petition is subject to state, county, school or other taxing district tax, and is unassessed for any taxable year.

Section 15. Section 132.360 of the Kentucky Revised Statutes is amended to read as follows:

(1) Any assessment of accounts receivable, notes, stocks, bonds or any right to receive income listed with the county tax commissioner or Department of Revenue may be reopened within two years after the date as of which they were assessed, unless the assessed value thereof is the face value in the case of accounts receivable and notes or the quoted value in the case of stocks and bonds, or has been established by a court of competent jurisdiction. If upon reopening the assessment the department finds that the assessment was less than the fair cash value and should be increased, it shall give notice thereof to the taxpayer, who may within twenty days thereafter protest to the department and offer evidence to show that no increase should be made. After the department has disposed of the protest, the taxpayer may appeal from any such additional assessment as provided by KRS 131.110, 131.120 and 131.125.

(2) Upon such assessment becoming final, the department shall bill to the taxpayer the amount due. The tax bill shall be subject to the penalties provided in Section 3 (1) of this Act.

Section 16. Section 132.450 of the Kentucky Revised Statutes is amended to read as follows:

(1) Each county tax commissioner shall assess at its fair cash

value all property which it is his duty to assess. The property of one person shall not be assessed wilfully or intentionally at a lower or higher relative value than the same class of property of another, and any grossly discriminatory valuation shall be construed as an intentional discrimination. The tax commissioner shall make every effort, through visits with the taxpayer, personal inspection of the property, from records, from his own knowledge, form information in property schedules and from such other evidence as he may be able to obtain, to locate, identify and assess property.

(2) If the tax commission assesses any property at a greater value than listed by the taxpayer or assesses unlisted property, the tax commissioner shall serve notice on the taxpayer of such action. The notice shall be given by registered mail or as provided in the Rules of Civil Procedure. When notice is given by registered mail the tax commissioner shall secure a return receipt, and shall be allowed postal cost for each notice so served, upon presentation of the return receipt to the department.

(3) Any taxpayer may designate on the property schedule any property which he does not consider to be subject to taxation and it shall be the duty of the tax commissioner to obtain and follow advice from the Department of Revenue relative to the taxability of such property.

Section 17. Section 132.490 of the Kentucky Revised Statutes is amended to read as follows:

(1) Each county clerk shall, by March 1 of each year, unless the time is extended by the Department of Revenue, make to the Department of Revenue a statement of all purchase money notes, mortgage notes and other obligations for money due, except those owned by banks, trust companies or real estate title insurance companies, as shown by the conveyances, mortgages and liens in his office as of the assessment date. The statement shall show the dates of execution and maturity of the notes or other evidences of indebtedness, the consideration, the date of filing or recording, the amount, and the name and address of the owner, payee, beneficial holder thereof or other person liable for taxes thereon.

(2) The clerk shall submit a bill itemizing the cost of preparing the statement required in paragraph (1). Upon approval by the Department of Revenue, the clerk shall be reimbursed out of the State Treasury.

Section 18. Section 132.520 of the Kentucky Revised Statutes is amended to read as follows:

(1) Every bank, trust company, combined bank and trust company, and real estate title insurance company doing business in this state, shall, by February 1, 1958 and each year thereafter, unless the time is extended by the Department of Revenue, file with the depart-

ment a report sworn to by its president, vice-president, treasurer or cashier, showing as of December 31, 1957 and each year thereafter:

(a) A list of the notes, bonds, or other evidences of indebtedness secured by mortgage or other recorded instrument standing in its name of record that it has assigned or transferred during the preceding year without making a transfer of record, the amount of each, and the name and address of the person to whom each was assigned. Where the name and address of the transferee holding the securities on December 31 of any year is given, any previous transfers of the securities during that year need not be furnished.

(b) A list of the mortgages standing in its name on December 31 that were assigned of record to it during the preceding year with its knowledge and consent, where it has not become the absolute owner of the debt secured thereby, showing the amount of each such mortgage and the name and address of each assignor. Any mortgage assigned to it during any year and paid and released of record prior to December 31 need not be included in the report.

(c) A list of all debenture bonds, collateral trust bonds, notes, certificates and other evidences of indebtedness issued, assigned or transferred by it during the preceding year that are secured by and represent the beneficial interest in stocks, lien notes, bonds or mortgages standing in its name of record, the amount of each such evidence of indebtedness, and the name and address of the person to whom each was assigned or transferred. Where the name and address of the transferee holding the securities on December 31, of any year is given, any previous transfer or assignment of the securties need not be furnished.

(d) A list of all stocks, lien notes, bonds, mortgages, certificates and other evidences of indebtedness that it has assigned or transferred to any person as security for the issuing of any debenture or collateral trust bonds, the amount of each, and the name and address of the person to whom each was assigned.

(2) The reports required under paragraphs (a) and (b) of subsection (1) of this section need not include sales or pledges from one bank, trust company or combined bank and trust company to another such bank or company, or notes or obligations secured by any recorded instrument executed to a bank, trust company or a combined bank and trust company in which the obligations secured by the instruments are divided among estates or accounts in charge of the bank or company and regularly and properly entered on its records. The provisions of this section do not apply to mortgages made by corporations to trustees to secure bond issues made by them in the regular course of business, except as provided in paragraph (c) of subsection (1) of this section.

Section 19. Section 133.040 of the Kentucky Revised Statutes is amended to read as follows:

The county tax commissioner shall complete the tax roll of all property in his county before May 1 of each year, in accordance with law, and on or before that date he shall file with the Department of Revenue, on blanks to be forwarded by the department, a recapitulation of all property assessed on said tax roll with his official certificate attached thereto. Such recapitulation shall show the assessment of property by types of property and by taxing districts. Within two weeks after receiving the recapitulation the Department of Revenue shall direct the tax commissioner to make the changes that are necessary to correct the assessment.

Section 20. Section 134.020 of the Kentucky Revised Statutes is amended to read as follows:

(1) All state, county and district taxes, except as otherwise provided by law, shall be due and payable on September 15 following the assessment except that all taxes based on any assessment date in the years 1948 and 1949, and all taxes in any year on unmanufactured tobacco, shall be due and payable on the second succeeding September 15 following the assessment, unless otherwise provided by law.

(2) Any taxpayer who pays his state, county, or district taxes on property assessed by the county tax commissioner by November 1 after they become due in any year shall be entitled to two per cent discount thereon, and the sheriff shall allow the discount and give a receipt in full to the taxpayer. The sheriff may, at any time after the taxes mentioned in this section become due, receive less than the face amount of the tax bill as a credit on the amount due, including the amount of any penalties then due, and every such payment shall be credited upon the tax bill or upon sheets annexed thereto for that purpose, and acknowledged in writing or by a rubber stamp, indicating the amount so paid to the sheriff.

(3) All state, county and district taxes, except as otherwise provided by law, shall become delinquent on January 1 following their due date, except that taxes due on September 15, 1949 shall not become delinquent until March 1, 1950.

(4) Any taxes which are not paid by the date when they become delinquent shall be subject to a penalty of six percent on the taxes due and unpaid; except that taxes which become delinquent on January 1 shall be subject to a penalty of only two per cent on the taxes due and unpaid, if paid on or before the last day of January. The sheriff shall collect the penalty and account for it as he is required to collect and account for taxes.

Section 21. Sections 132.240, 132.320 and 132.500 are hereby repealed.

Section 22.

(1) The county tax commissioner shall not assess any intangible personal property for the year 1957 or any year thereafter.

(2) It is the intent of the General Assembly that the transfer of the assessment of intangible personal property from the county tax commissioner to the Department of Revenue will enable the county tax Commissioner to better perform his local assessment duties and the Department of Revenue to improve the administration of the intangible personal property tax. Consistent with this objective, the compensation, allowance for deputy hire, and other authorized expenses of the county tax commissioner's office shall not be reduced. In the computation of the amount to be paid the county tax commissioner for the property tax year 1957 and each year thereafter, there shall be included in the base, as provided in Section 132.590 of the Kentucky Revised Statutes, an amount equal to the value of intangible personal property certified to the county clerk for the property tax year of 1956.

(3) In the computation of the amount to be paid the sheriff for the property tax year 1957 only there shall be included in the base, as provided in Section 134.290 of the Kentucky Revised Statutes, an amount equal to the intangible property tax assessment in the year 1956 times the 1956 tax rate times four per cent.

Section 23.

This Act shall become effective January 1, 1957.

HB 3: AN ACT relating to revenue and taxation and the recording of deeds and conveyances.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. In addition to any taxes levied under KRS 142.010, a tax for state purposes of ten cents for each one hundred dollars, or fraction thereof, is hereby levied on every deed, bill of sale, or other instrument which conveys any real property or any interest in any real property in this state—except such transfers exempted by this Act —which is executed and offered for record in the office of the county court clerk on or after January 1, 1957. Said tax to be paid by the grantee, is to be based on the consideration of the deed or the actual value of the property conveyed, whichever is greater. Upon deeds conveying property lying partly within this state and partly without this state, the tax shall apply only to the value of so much of the property conveyed as is situated in Kentucky.

Section 2. The county court clerk shall collect the tax at the time the deed or instrument is offered for record. No deed or instrument subject to the tax herein shall be admitted to record without the payment of the tax. The county court clerk shall record on the face of the deed the amount of tax that has been paid and shall cause this fact also to be entered at the deed book and page wherein the deed is recorded. In case the real estate transferred is located in more than one county in Kentucky, the entire tax shall be paid to the county court

clerk, of the county in which the deed is first offered for record. The instrument may then be recorded in the office of any other county court clerk without payment of any further such tax.

Section 3. Deeds or instruments covering property which is exempt to the grantee under No. 170 of the Kentucky constitution shall be exempted from the payment of the transfer tax. Deeds of correction and quit claim deeds wherein no additional consideration is involved shall also be exempt. Transfers between husband and wife and parents and children shall be exempt.

Section 4. Before the tax is paid, the grantee shall execute in duplicate an affidavit setting forth the following information: The name and address of the grantor; the name and address of the grantee; a brief description of the property transferred; its location by taxing jurisdiction; the date of sale; the sale price, including any assumed mortgages or liens, or the value of the property, whichever is greater; any reason for claiming the transfer to be tax-exempt. This affidavit shall be used by the county court clerk in his computation of the tax. The county clerk will record on the affidavit the deed book and page at which the instrument is recorded. By the tenth day of each month, the county clerk shall send the original of the affidavits filed during the preceding month along with the tax collected by him to the Department of Revenue. He shall be allowed to deduct a 5% commission for his expenses in collection. The duplicate copies of the affidavits shall be retained on file by the county clerk for at least three years.

Section 5. Any false statement made in the affidavit required by Section 4 of this Act shall incur the penalty for false swearing under the provision of KRS 432.170.

Section 6. Any county clerk who willfully fails to record the affidavit and collect the tax due shall be fined not less than $10 or more than $100.

Section 7. The Department of Revenue shall provide by rules and regulations for the administration of this Act.

Section 8. This Act shall become effective January 1, 1957.

HR 3: A CONCURRENT RESOLUTION memorializing Congress to reduce the tax burden on the major industries of the Commonwealth of Kentucky.

WHEREAS, the imposition of inequitable and onerous tax burdens on the major industries of any state is patently contrary to sound public policy and sound principles of economics; and

WHEREAS, the imposition of burdensome taxes not only has an undesirable effect upon industry and the community but also deprives the state of a source of desperately needed revenue; and

WHEREAS, two of the Commonwealth of Kentucky's major industries, distilling and tobacco, are presently burdened with unjust, unfair and economically unwise taxes by the Government of the United States; and

WHEREAS, it appears that, in the best interests of not only the citizens of this Commonwealth but of those of the other forty-seven states as well, relief from this tax burden should be granted; and

WHEREAS, such relief can only be afforded by appropriate action by the Congress of the United States of America,

NOW, THEREFORE,

Be it resolved by the House of Representatives of the Commonwealth of Kentucky, the Senate concurring therein:

Section 1. That the Congress of the United States act in the exercise of its broad legislative powers to reduce and alleviate the pressing burden of taxes presently being borne by the distilling and tobacco industries in the Commonwealth of Kentucky.

Section 2. That copies of this resolution be sent by the Clerk of the House to the President and Chief Clerk of the Senate of the United States, the United States Senators from Kentucky, the Speaker and Chief Clerk of the House of Representatives of the United States, and the Representatives in Congress from Kentucky.

Representative Morgan moved to adjourn until 1:00 P.M., April 10, 1956. Agreed.

TUESDAY, APRIL 10, 1956

FOURTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend H. Glenn Stephens of the South Frankfort Presbyterian Church, Frankfort.

The roll was called. All present except Billington, Blue, Bridgers, Buchanan, Bush, Embry, Durham W. Howard, Isler, Lynn A. Jennings, Martin, Melton, Murphy, Nunnelley, Qualls, Rayburn, John B. Reed, Sloan, Stith, Thomas, Walsh, Weintraub, and Williamson, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for April 9, 1956, dispensed with and the same approved on motion of Representative Burnley.

Calendar

HB 1, HB 2, HB 3 and **HR 3** were taken from the Calendar and read at length for the second time. Ordered placed in Orders of the Day.

Introduction of Bills

HB 15, by Representative Cottengim: AN ACT relating to revenue and taxation.

HB 16, by Representative Day: AN ACT relating to annexation or reduction of territory by sixth-class cities.

HB 17, by Representative Caudill: AN ACT relating to revenue and taxation.

HB 18, by Representative Hilton: AN ACT relating to revenue and taxation.

HB 19, by Representative Everett: AN ACT relating to revenue and taxation.

HB 20, by Representative McCallum: AN ACT relating to revenue and taxation.

HB 21, by Representative Davidson: AN ACT relating to revenue and taxation.

HB 19, HB 20, HB 21 referred to Rules Committee.

Representative Morgan moved the rules be suspended to make a motion. Agreed.

Recess

Representative Morgan moved that the House do now recess for 15 minutes for a Rules Committee Meeting. Agreed.

At the appointed hour, the Speaker resumed the Chair and called the House to order.

Representative Morgan moved that the rules be suspended for a Committee Report. Agreed.

Report of Committee

Committee on Rules reported **HB 4, HB 5, HB 7,** and **HB 9** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

HB 4: AN ACT relating to and levying a license tax on the privilege of issuing or using trading stamps as herein defined; defining certain terms as used in this act; requiring that certain information be printed upon the face of trading stamps and upon the books and other devices furnished for the collection of trading stamps by holders thereof; providing for the redemption of trading stamps; providing for the escheat of trading stamps not redeemed; and providing for penalties for the violation of this Act.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. As used in this Act unless the context requires otherwise:

(a) The word "person" shall include an individual or individuals, firms, corporations, partnerships, (including limited partnerships), companies, associations, joint ventures, trusts, business trusts, syndicates, fiduciaries, governmental units, departments and agencies, and every other natural or artificial authority or group of every kind or nature whatsoever.

(b) "Trading stamp" means and includes any form of stamp, ticket, card, receipt or any similar device or devices, that is either directly or indirectly issued, sold, given or otherwise furnished or delivered by any person to any other person within the Commonwealth of Kentucky in connection with or as part of the sale and purchase of any goods, services, or output of a service trade, and which entitles the purchaser receiving the same with such sale and purchase of goods or services, or the holder thereof, to procure or otherwise receive from any person money, goods or anything of value, free or without charge, upon the production or presentation of any number or a stated number of said stamps as herein defined; but an offer made or endorsed by the manufacturer from, as a part of, or within the original wrapped package or container in which goods are sold, of a premium or a reward for the return to the manufacturer of such goods, or to any dealer in such goods, of all or any part of that label or container, or any coupon placed in or attached to such label or container, is not a trading stamp.

(c) The word "issurer" shall mean any person who issues, gives, sells, or otherwise distributes or furnishes any trading stamp to any merchant or dealer in goods or any supplier of services for issue by such merchant, dealer, or supplier in connection with the sale of goods or services.

Section 2. (1) Every person who in connection with the sale by

him of goods, wares, or merchandise of any kind, issues, sells, gives away or otherwise distributes trading stamps which are redeemable, or will be accepted in whole or partial payment or exchange for anything of value, either by the issurer or by other persons, shall in addition to all other taxes, pay to the Department of Revenue on each separate place of business, in which any part or phase of such issuance, sale, gift or other distribution of such trading stamps, occurs, an annual license tax as follows: If such person's gross volume of business in such separate place of business for the last preceding calendar year was less than $125,000, the sum of $300, if $125,000 or more, but less than $250,000, the sum of $600; if $250,000 or more, but less than $500,000, the sum of $1,200; if $500,000 or more, but less than $1,000,000, the sum of $2,400; if $1,000,000 or more but less than $1,500,000, the sum of $3,200; and if $1,500,000 or more, the sum of $4,000. The tax levied in this subsection shall not apply to persons issuing coupons or certificates furnished by a manufacturer or compounder as a part of an original package or item of merchandise and distributed in connection with that one commodity only, nor to persons issuing coupons or certificates exclusively on one private brand product only.

(2) Every person who engages in or carries on the business of issuing, lending, licensing or selling to merchants or vendors, trading stamps which are redeemable or will be accepted in whole or partial payment, or in exchange, for anything of value by anyone whomsoever, shall pay to the Department of Revenue, in addition to all other taxes, an annual license tax of five percentum of the gross receipts of such business and such license tax shall in no event be less than $5,000 per annum. The said tax shall be paid in the following manner: The person desiring to engage in such business shall also at the same time execute a bond payable to the Commonwealth of Kentucky in such sum and form as is acceptable to the Department of Revenue, which shall insure the payment of said five percentum tax; such person shall thereafter and before the fifteenth day of the state's next fiscal year render to the Department of Revenue a sworn statement showing the gross amount received by such person for issuing, lending, licensing, selling, redeeming or exchanging trading stamps, and if it appears that such five percentum of the amount so received exceeds $5,000, then such person shall pay to such Department an additional amount equivalent to the amount by which such five percentum exceeds the sum of $5,000.

Section 3. (1) No person shall issue, give, use, sell, or otherwise distribute or furnish or offer to issue, give, use, sell, or otherwise distribute or furnish trading stamps, or redeem trading stamps, unless each said trading stamp shall have legibly printed or written upon the face thereof the redeemable value thereof expressed in cents or fraction of cents, as the case may be. The redeemable value so printed or written upon the face of each trading stamp shall not be less than the actual value of such stamp as determined by the issurer. Such printed

or written value shall be regarded as the stated value of such stamp for the purposes of this act.

(2) Any issurer or agent for redemption or trading stamps shall upon production of such trading stamps, redeem the same or cause the same to be redeemed either in goods or in cash, in good and lawful money of the United States of America, at the option of the holder thereof, and any number of such trading stamps shall be so redeemed at the stated value as printed upon the face thereof, and it shall not be necessary for the holder thereof to have present for redemption any stipulated number of such trading stamps before demand for redemption may be made, provided, however, that the aggregate stated value of said stamps so offered for redemtpion be not less than ten cents.

(3) All books and other devices furnished for the collection of trading stamps by holders thereof shall bear the following statement in bold type thereon. "TRADING STAMPS ARE REDEEMABLE IN PREMIUMS OR IN CASH AT THE STATED VALUE AT THE OPTION OF THE HOLDER, BUT ONLY IF OFFERED FOR REDEMPTION WITHIN TWO YEARS OF THE PRINTED DATE OF ISSUE."

Section 4. (1) From and after the effective date of this Act, each trading stamp thereafter issued, given, used, sold or otherwise disposed of within this state which is not presented for redemption and redeemed within two years after its printed date of issue shall thereupon become unclaimed property and all rights of the holder of such stamp shall revert and belong to the Commonwealth of Kentucky and the holder of such stamp shall not longer possess or have any rights under or by reason of any such stamp. In order to carry out and enforce the foregoing reversion and escheat provisions, each trading stamp issued, given, used, sold or otherwise disposed of after the effective date of this Act shall have printed legibly on its face the month and year of issue, provided no stamps shall be sold bearing a date more than one month in advance from month of sale; that the excheature provisions of this Act shall apply also to any trading stamp issued by any merchant.

Each issurer and each agent for redemption of trading stamps shall make and maintain records of:

(a) The value of trading stamps so issued, given, used, sold, or otherwise distributed by such person within this state.

(b) The date of their issue.

(c) The value of trading stamps redeemed by him within two years after their date of issue, so that such records will disclose accurately the total value of trading stamps so issued, given, used, sold or otherwise distributed within this state which are not presented for redemption or redeemed within two years after their date of issue.

(2) Any issurer by virtue of doing business in this state authorizes the Department of Revenue to make or have made an audit of the

issuer's books and records to determine the amount and value of unredeemed stamps that have been escheated to the Commonwealth of Kentucky under the provisions hereof.

Section 5. (1) Any person who fails to pay taxes after becoming due or fails for thirty days after the required date to make a report shall pay a penalty of ten percent on the amount due and shall pay an additional penalty of five percent of the first of each month so long as the tax remains due and unpaid, except the total shall not exceed fifty percent of the taxes due.

(2) Any person, whether as principal, agent, officer or director, for himself or for another person, who shall violate any of the provisions of any section of this Act, is guilty of a misdemeanor for each single violation and upon conviction thereof shall be punished by a fine of not less than one hundred dollars nor more than five hundred dollars or by imprisonment not exceeding six months, or by both said fine and imprisonment. Each separate violation shall be a separate offense and each day of the continuance of such violation shall be deemed a separate offense.

Section 6. The provisions of this Act are severable. If any sentence, clause, or section or part of this Act, or the application thereof to any particular state of case is for any reason found to be unconstitutional, illegal, or invalid, such unconstitutionality, illegality, or invalidity shall not affect or repeal any of the remaining provisions, sentences, clauses, or sections or parts of this Act, it being the legislative intent of this body to ordain and enact each provision, paragraph, sentence and part hereof separately and independently of each other.

Section 7. Whereas, the revenue provided by this Act are vitally needed for the 1956-1957 fiscal year, an emergency is declared to exist and this Act shall become effective July 1, 1956.

HB 5: AN ACT relating to annexation of unincorporated territory by municipalities in Kentucky.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

(1) The General Assembly, recognizing that the general welfare and prosperity of the Commonwealth of Kentucky is very greatly dependent upon continued industrial development and expansion; and, further recognizing that reasonable assurance of fair treatment will greatly increase industrial development and expansion in Kentucky, it hereby is declared to be the public policy of the Commonwealth of Kentucky to encourage the location of new industries and the expansion of existing industries in Kentucky by prohibiting unfair and unreasonable annexation by municipal corporations of industries now or hereafter located in unincorporated areas. However, it is not the intent of the General Assembly to prohibit, restrict or hamper normal expan-

sion of municipal boundaries if such normal development and expansion extends to and embraces such industrial properties.

(2) No unincorporated territory in which is located an industrial plant or plants shall be annexed by any municipality unless such territory is embraced within a broad, comprehensive plan of annexation. The territory to be annexed shall be contiguous to the boundary line or lines of such municipality, and the territory or area to be annexed shall be both compact and contiguous. The number of owners of real estate in the territory proposed to be annexed shall equal or exceed fifty (50) percent of the average number of persons employed by industrial plants within such territory during the next preceding calendar year, the number of such owners of real estate to be determined by taking the total of such owners from the assessments lists in the County Tax Commissioner's office as of the close of the next preceding assessment date.

(3) Nothing herein shall be construed as prohibiting any municipality from annexing any industrial plant or plants or its properties if the duly authorized representatives of such industrial plant or plants consent to or request such action.

(4) Any person or persons within the area proposed to be annexed shall have the right to file a protest and to have the protest heard and determined as now provided by existing statutes.

(5) All laws and parts of laws in conflict herewith, to the extent of such conflict, hereby are repealed.

WHEREAS, numerous industries are now considering whether to expand their industrial plants in Kentucky or locate plants elsewhere, and

WHEREAS, numerous industries are now considering whether to locate industrial plants in Kentucky or locate them elsewhere, and

WHEREAS, the provisions of this Act may be sufficient inducement and assurance to cause such industries to expand their existing plants and others to locate industrial plants in Kentucky, an emergency is hereby declared to exist and this Act shall become effective immediately upon its passage and approval by the Governor.

HB 7: AN ACT appropriating money to the Department of Revenue.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. In order to administer laws passed during the sessions of the 1956 General Assembly pertaining to revenue, there is hereby appropriated from the General Expenditure Fund to the Department of Revenue, General Operations, the sum of $165,000 for the 1956-57 fiscal year and the sum of $215,000 for the 1957-58 fiscal year.

Section 2. In order to administer laws passed during the sessions of the 1956 General Assembly, there is hereby appropriated from the Road Fund to the Department of Revenue the sum of $73,000 for the 1956-57 fiscal year and the sum of $90,000 for the 1957-58 fiscal year.

HB 9: AN ACT relating to alcoholic beverages prohibition.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. Title to contraband included in subsections (3), (4) and (5) of KRS 244.180 seized in a dry territory shall be vested in the Alcoholic Beverage Control Board, irrespective of whether such contraband was seized by peace officers of the city or county or state administrators or field representatives of the department.

Section 2. The Alcoholic Beverage Control Board shall cause a sale of such contraband as is included in Section 1 of this Act to be made and shall, after deducting the expense of transporting and selling such contraband, return one-half the proceeds of such sale to the proper authorities of the city or county in which such seizure was accomplished solely by the peace officers of the city or county where such seizure occurred. The remaining one-half shall be paid to the State Treasury and shall be credited to the General Fund. Where the evidence for the seizure of such contraband is obtained by the state administrators or field representatives of the department, the Alcoholic Beverage Control Board shall cause a sale of such contraband to be made and shall pay all the receipts to the State Treasury and be credited to the General Fund.

Section 3. Whereas, under present statutes state and local governments often realize no gain from the sale of alcoholic beverage contraband seized in dry territory;

Whereas, the sale of such contraband could provide a source of much needed additional revenue; and

Whereas, sizable stocks of contraband alcoholic beverages are now being held by state and local governments, an emergency is declared to exist and this Act shall become effective upon its passage and approval by the Governor.

Introduction of Bills

HB 22, by Representative Mackey: AN ACT relating to taxation.

HB 22 referred to Rules Committee.

Representative Breathitt, seconded by Representative Lowman, moved public hearing on all tax measures now before the House of Representatives. Agreed.

Representative Morgan moved to adjourn until 1:00 P.M., April 11, 1956. Agreed.

WEDNESDAY, APRIL 11, 1956

FIFTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend E. W. Baxter of the Episcopal Church, Frankfort.

The roll was called. All present except Anderson, Beshear, Blankenship, Bridgers, Flanery, Gay, Hilton, Lambert, Newsom, Nunnelley, Parrish, John B. Reed, Tinsley, and Wathen, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for April 10, 1956, dispensed with and the same approved on motion of Representative Isler.

The Chief Clerk read the Secretary of State's Certificate of the amendment to the Governor's call for this Fourth Extraordinary Session.

I, THELMA L. STOVALL, Secretary of State for the Commonwealth of Kentucky, do certify that the foregoing writing has been carefully compared by me with the original record thereof, now in my official custody as Secretary of State and remaining on file in my office, and found to be a true and correct copy of Proclamation by the Governor of the Commonwealth of Kentucky amending the proclamation for the Fourth Extraordinary Session of the General Assembly of the Commonwealth of Kentucky in 1956, now in session.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal.

Done at Frankfort this 10th day of April, 1956
(Signed) THELMA L. STOVALL
Secretary of State, Commonwealth of Kentucky

PROCLAMATION BY THE GOVERNOR OF THE COMMONWEALTH OF KENTUCKY

TO ALL TO WHOM THESE PRESENTS SHALL COME:

WHEREAS, certain other needs for the Commonwealth of Kentucky have come to the attention of the Governor that have not heretofore been adequately dealt with by the General Assembly at its regular or extraordinary sessions; and

WHEREAS, it is desirable to include these needs in the Extraordinary Session now in session;

NOW, THEREFORE, the proclamation issued by me as Governor of Kentucky, convening the General Assembly of Kentucky in Extraordinary Session at the seat of Government at Frankfort, Kentucky, at 2:00 P.M. on Friday, April 6,

1956, is amended to include the following additional subjects:

(1) Tax for school purposes.
(2) Legislation relating to free textbooks.
(3) Legislation relating to terms of circuit courts.

You will, therefore, in accordance with this proclamation, consider the subjects herein mentioned in addition to those subjects previously mentioned in my proclamation issued on the 6th day of April, 1956, at the Extraordinary Session now in session.

Done at Frankfort, Kentucky, this 10th day of April in the year of our Lord, one thousand nine hundred and fifty-six, and in the year of the Commonwealth, the one hundred and sixty-fourth.

(Signed) A. B. CHANDLER, Governor

(SEAL)
(Signed) Thelma L. Stovall
Secretary of State

Representative Tanner moved that his written statement as to why he would have voted "No" on the Budget Bill had he been present be recorded. Illness in his immediate family prevented his presence during the Roll Call on said Bill.

"I move that it be recorded on the Journal that had I been present during the session on the Budget Bill that I would have voted "No". My absence was caused by the illness of three members of my own immediate family.

My position against an otherwise good Budget is for the following reasons:

(1) The minimum foundation program is splendid, but the budget was loaded down with capital-outlay expenses, much as the new University of Kentucky Medical School; which we are not able to afford at this time as a poor state of low income.

(2) The Governor of Kentucky failed to include his plans for raising revenue in with this 48 million dollar increase . . . which constituted a violation of Kentucky laws and which did not carry out the principle of government of the people, by the people and for the people."

(Signed) PATRICK TANNER
Representative, 15th District
City of Owensboro

Representative Tanner's motion was adopted without objection.

Representative Lowman, seconded by Representative Breathitt, moved that **HB 8** be taken from the Rules Committee.

Representative Lowman moved the Previous Question. Agreed.

On roll call, the vote was yeas 47—Barnum, Baumgardner, Blue, Breathitt, Caudill, Conrad, Cornett, Freeman, Griffin, Grigsby, Grundy, Hadden, Hahn, Hawkins, Heskamp, Heyburn, Hill, Hislope, D. W. Howard, Jennings, Lowman, Mackey, Martin, McCallum, McFadden, McKinney, Miller, Mullins, Murphy, Nunn, Peace, Pollitte, Ratcliffe, Ray, R. Reid, Sr., Reynolds, Saylor, Searcy, Sloan, Stith, Tanner, Thomas, Thompson, L. B. Wells, Williamson, Wilson, Young. Nays 1—Cottengim.

Motion on **HB 8** was rejected.

Senate Message

Senate message announcing passage of **SR 4. SR 4** read by Clerk.

Calendar

HB 4, HB 5, HB 7, and **HB 9** taken from the Calendar and read at length for the second time. Ordered placed in Orders of the Day.

Orders of the Day

HB 1 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time.

Representative Breckinridge, seconded by Representative Tanner, moved that **HB 1** be made a Special Order for Tuesday, April 17, 1956, at 1:00 P.M. Representative Freeman moved a Roll Call on motion of Representative Breckinridge. Agreed.

Representative Lowman moved the Previous Question. Agreed.

On roll call, the vote was yeas 72—Barnum, Bates, Baumgardner, Blankenship, Blue, Breathitt, Breckinridge, Buchanan, Burnley, Caudill, Conrad, Cornett, Davidson, Davis, Dunsil, Embry, Everett, Freeman, Gay, Griffin, Grigsby, Grundy, Hadden, Hahn, Hawkins, Heskamp, Heyburn, Highland, Hilton, Hinkle, Hislope, Holsclaw, C. S. Howard, D. W. Howard, Jennings, Johnson, Lowman, Mackey, Martin, McCallum, McFadden, McKinney, Melton, Miller, Moore, Mullins, Murphy, Nunn, Ockerman, Peace, Pollitte, Ratcliffe, Ray, V. Reed, H. V. Reid, R. Reid, Sr., Reynolds, Saylor, Searcy, Sloan Stith, Tanner, Thomas, Tinsley, Walsh, Wathen, A. W. Wells, L. B. Wells, Williamson, Wilson, Wirsch, Young. Nays 12—Casey, Cottengim, Day, Flanery, Gullette, Harris, Hill, Isler, Kubale, Morgan, Thompson, Weintraub.

Motion on **HB 1** was passed.

Representative Morgan moved that the vote by which the said motion was passed be reconsidered and said motion be laid on the table. Agreed.

Introduction of Bills and Resolutions

HB 23, by Representative Morgan: AN ACT concerning escheats.

HB 24, by Representative Morgan: AN ACT relating to circuit courts.

HB 25, by Representative Breckinridge: AN ACT relating to the taxation of alcoholic beverages.

HB 26, by Representative Burnley: AN ACT relating to tax for school purposes.

HB 27, by Representative Morgan: AN ACT relating to revenue and taxation.

HB 28, by Representative Reynolds: AN ACT relating to taxes on wines and malt beverages amending Section 243.720 of the Kentucky Revised Statutes.

HB 29, by Representatives Martin and Reynolds: AN ACT relating to alcoholic beverages.

HB 30, by Representatives Holsclaw and Moore: AN ACT relating to revenue and taxation.

HB 31, by Representatives Johnson and Blankenship: AN ACT relating to revenue and taxation.

HB 32, by Representative Thomas: AN ACT to license and regulate the standing of animals.

HB 33, by Representative Buchanan, AN ACT relating to revenue and taxation.

HR 4, by Representative Morgan: A JOINT RESOLUTION making an appropriation to the Legislative Session Fund and declaring an emergency.

Representative Morgan moved that the House adjourn until 10:00 A.M., April 12, 1956. Agreed.

THURSDAY, APRIL 12, 1956

SIXTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by Representative Caleb McFadden, Member of the House of Representatives.

The roll was called. All present except Anderson, Bates, Beshear, Blue, Bridgers, Bush, Cottengim, Farmer, Grigsby, Gullette, Hawkins, Heyburn, Isler, Lambert, Melton, Moore, Nunnelley, Qualls, Rayburn, John B. Reed, Sloan, Tanner, Thomas, and Tinsley, who were granted leaves of absence on motion of Representative Morgan.

Reading of Journal for April 11, 1956, dispensed with and the same approved on motion of Representative Burnley.

Recess

Representative Morgan moved the rules be suspended for the purpose of making a motion. Agreed.

Representative Morgan moved the House do now recess for 15 minutes for a Rules Committee Meeting. Agreed.

At the appointed hour, the Speaker resumed the Chair and called the House to order.

Representative Morgan moved that the rules be suspended for a Committee Report. Agreed.

Report of Committee

Committee on Rules reported **HR 4** and **HB 11** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

HR 4: A JOINT RESOLUTION making an appropriation to the Legislative Session Fund and declaring an emergency.

WHEREAS, the funds appropriated to the Legislative Session Fund for the present biennium are almost exhausted, and

WHEREAS, present funds may not be adequate to pay members and employees of the General Assembly for the duration of the extraordinary sessions of the General Assembly,

NOW, THEREFORE,

Be it resolved by the General Assembly of the Commonwealth of Kentucky:

Section 1. That there is appropriated to the Legislative Session Fund out of the General Expenditure Fund in the State Treasury the sum of one hundred thousand dollars for the 1955-56 fiscal year.

Section 2. Whereas, funds previously appropriated to the General Assembly are insufficient to meet the expenses of the extraordinary sessions, an emergency is declared to exist, and this Resolution shall become effective upon its passage and approval by the Governor.

HB 11: AN ACT relating to revenue and taxation.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. As used in this Act, unless the context requires otherwise:

(1) "Department" means the Department of Revenue.

(2) "Persons" means any individual, firm, copartnership, joint venture, association, fraternal organization, corporation, estate, trust, business trust, receiver, trustee, syndicate, assignee or other corporation or combination acting as a unit, and the plural as well as the singular number.

(3) "Sale" means any transfer of title or possession or both, exchange, barter, lease or rental, conditional or otherwise, in any manner or by any means whatsoever of tangible personal property for a consideration and includes the fabrication of tangible personal property for consumers who furnish either directly or indirectly the materials used in the fabrication work and the furnishing, repairing or serving for a consideration of any tangible personal property consumed on the premises of the person furnishing, repairing or serving such tangible personal property. A transaction whereby the possession of the property is transferred, but the seller retains title as security, shall be deemed a sale by this Act.

(4) "Retail Sale" means a sale to a consumer or to any person for any purpose other than the resale in the form of tangible personal property and shall mean and include any and all such transactions as the Department upon investigation finds to be in lieu of sales, provided the sales for resale must be made in strict compliance with rules and regulations. Any dealer making a sale for resale in violation of the rules and regulations, shall himself be liable for and pay the tax.

(5) "Storage" means and includes any keeping or retention in this state, or for any purpose other than sale at retail in the regular course of business.

(6) "Use" means and includes the exercise of any right or power over any tangible personal property incident to the ownership thereof, except that it shall not include the sale at retail of that property in the regular course of business.

(7) "Sales Price" means the total amount for which tangible personal property is sold, including any services that are a part of a sale, valued in money, whether paid in money or otherwise, and includes any amount for which credit is given to the purchaser by the seller, without any deductions therefrom on account of the cost of the property sold, the cost of the material used, labor or service costs, interest charged, losses, or any other expenses whatsoever; provided that cash discounts allowed and taken on sales shall not be included, nor shall the sale price include the amount charged for labor or services rendered in installing, applying, remodeling or repairing property sold.

(8) "Gross Sales" means the sum total of all retail sales of tangible personal property as defined herein without any deductions whatsover of any kind or character except as provided by this Act.

(9) "Cost Price" means the actual cost of articles of tangible personal property without any deductions therefrom consisting of materials used, labor or service costs, transportation charges or any expenses whatsover.

(10) "Lease or Rental" means the leasing or renting of tangible personal property and the possession or use thereof by the lessee or rentee for a consideration, without transfer of title of such tangible personal property.

(11) "Business" means and includes any activity engaged in by any person, or caused to be engaged in by him, with the object of gain, benefit, or advantage, either direct or indirect. The term "business" shall not be construed in this Act to include occasional and isolated sales or transactions by a person who does not hold himself out as engaged in business.

(12) "Retailer" means and includes every person engaged in the business of handling tangible personal property, whether it be for making sales at retail, or for distribution, or use, or consumption, or storage of tangible personal property to be used or consumed in this state.

(13) "Tangible Personal Property" means and includes personal property, which may be seen, weighed, measured, felt or touched, or is in any other manner perceptible to the senses. The term "tangible personal property" shall not include stocks, bonds, notes, insurance or other obligations or securities.

(14) The term "Use Tax" referred to in this Act includes the "use", the consumption, the distribution, and the "storage" as herein defined.

(15) "Dealer" means every person as used in this Act who sells at retail or offers for sale at retail, or leases or rents without transferring or acquiring title thereto, tangible personal property as defined herein; or who manufactures, or produced, or imports, or causes to be imported, or has in his possession, for sale at retail, or for use, or consumption, or distribution, or storage to be used or consumed in this state, tangible personal property as defined herein.

(16) The term "food and food products for human consumption" shall be given its usual and ordinary meaning, but shall not include malt or vinous beverages, soft or carbonated drinks, sodas, or beverages such as are ordinarily sold or dispensed at stores, bars, stands or soda fountains or in connection therewith, candies or confectioneries, medicines, tonics, and preparations in liquid, powdered, granular, tablet, capsule, or pill form sold as dietary supplements; nor does "food and food products for human consumption" include prepared meals or foods sold or served on or off the premises by restaurants,

cafes, cafeterias, hotel dining rooms, drug stores, or other places where prepared meals or foods are sold or served.

Section 2. (1) There is hereby levield a tax upon the sale, the retail, the use, the consumption, the distribution and the storage for use or consumption in this State, of each item or article of tangible personal property as defined herein. The levy of said tax to be as follows:

(a) At the rate of three percent of the sales price of each item or article of tangible personal property when sold at retail in this State; the tax to be computed on gross sales for the purpose of remitting the amount of tax due the State and to include each and every retail sale.

(b) At the rate of three percent of the cost price of each item or article of tangible personal property when the same is not sold but is used, consumed, distributed or stored for use or consumption in this State, provided there shall be no duplication of the tax.

(2) There is hereby levied a tax upon the lease or rental within this State of each item or article of tangible personal property as defined herein. The levy of said tax to be as follows:

(a) At the rate of three percent of the gross proceeds derived from the lease or rental of tangible personal property as defined herein, where the lease or rental of such property is an established business or part of an established business.

(b) At the rate of three percent of the monthly lease or rental price paid by lessee or rentee, or contracted or agreed to be paid by lessee or rentee to the owner of the tangible personal property.

(3) The tax levied in this Act shall be collected from the dealer as defined herein; and shall be paid at the time and in the manner hereinafter provided.

Section 3. (a) The aforesaid tax at the rate of three percent of the retail sales price, as of the moment of sale, or three percent of the cost price, as of the moment of purchase, as the case may be, shall be collectible from all persons as defined herein engaged as dealers, as hereinafter defined, in the sale at retail, the use, the consumption, the distribution, and the storage for use or consumption in this State, of tangible personal property.

(b) On all tangible personal property imported or caused to be imported from other states or foreign country and used by him, the dealer, as herein defined, shall pay the tax imposed by this Act on all articles of tangible personal property so imported and used, the same as if said articles had been sold at retail for use or consumption in this State. For the purpose of this Act, the use or consumption, or distribution, or storage to be used or consumed in this State of tangible personal property shall each be equivalent to a sale at retail, and the tax shall thereupon be levied and collected in the manner provided herein, provided there shall be no duplication of the tax in any event.

Section 4. The tax so levied is and shall be in addition to all other taxes whether levied in the form of excise, license or privilege taxes and shall be in addition to all other fees and taxes levied, provided, however, that the sale of food and food products to be used in the home are exempt from the tax herein levied.

Section 5. (1) The tax herein levied shall be collected by the dealer from the purchaser or consumer at the time of making sales in this State.

(2) Dealers shall, as far as practicable, add the amount of the tax imposed under this Act, in conformity with the schedule or schedules to be prescribed by the Department of Revenue pursuant to the authority conferred herein, to the sale price or charge which shall be a debt from the purchaser or consumer to the dealer until paid, and shall be recoverable at law in the same manner as other debts. Any dealer who shall neglect, fail or refuse to collect the tax provided herein shall be liable for and pay the tax.

(3) Where the tax collected for any period is in excess of three percent, the total tax collected over and above the three percent shall be paid over to the Department of Revenue less the compensation to be allowed the dealer as hereinafter set forth. This provision shall be construed with other provisions of this Act and given effect as to result in the payment to the Department of Revenue of the total tax collected including that in excess of three percent.

(4) Any dealer who shall fail, neglect or refuse to collect the tax as provided in this Act, either by himself or through his agents or employes, shall in addition to the penalty or being liable for and paying the tax himself, be guilty of a misdemeanor and upon conviction shall be punished by fine of not less than twenty-five dollars nor more than two hundred dollars or imprisoned for not more than three months, or both, in the discretion of the court.

(5) A dealer shall not advertise or inform the public in any manner directly or indirectly that he will absorb all or part of the tax or that he will relieve the purchaser from the payment of all or any part of the tax levied herein. A person who violates this provision shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not less than twenty-five dollars nor more than two hundred dollars or imprisonment for a period not exceeding three months, or both, in the discretion of the court.

Section 6. Where used articles are taken in trade, or a series of trades as a credit or part payment on the sale of new and used articles, the tax levied by this Act shall be paid on the net difference of the new or used article less the credit for the used article.

Section 7. In event purchases are returned to the dealer by the purchaser or consumer after the tax imposed by this Act has been collected or charged to the account of the consumer or user, the dealer shall be entitled to credit or to reimbursement of the amount of tax so

collected or charged by him in the manner prescribed by the Department of Revenue and in case the tax has not been remitted by the dealer to the Department of Revenue, the dealer may deduct the amount in submitting his return upon receipt of a signed statement of the dealer as to the gross amount of such refunds during the period covered by the said signed statement, which period shall not be longer than one hunderd and eighty days.

Section 8. If any dealer liable for any tax, interest or penalty levied hereunder shall sell out his business or stock of goods, or shall quit the business, he shall make a final return and payment within fifteen days after the date of the selling or quitting the business. His successor, successors, or assigns, if any, shall withhold sufficient of the purchase money to cover the amount of such taxes, interest and penalties due and unpaid until such former owner shall produce a receipt from the Department of Revenue showing that they have been paid, or a certificate stating that no taxes, interest or penalties are due. If the purchasers of a business or stock of goods shall fail to withhold the purchase money as above provided, he shall be personally liable for the payment of the taxes, interest, and penalties accruing and unpaid on account of the operation of the business by any former owner, owners, or assigns.

Section 9. (1) Every person desiring to engage in or conduct business as a dealer in this State shall file with the Department of Revenue an application for a certificate of registration for each place of business. Each application for certificate of registration shall be made upon a form prescribed by the Department of Revenue and contain such information as the Department of Revenue deems necessary for the purpose of the enforcement of the Act.

(2) At the time of making an application, the applicant shall pay the Department of Revenue a fee of one dollar for each certificate of registration.

(3) When the required application has been approved, the Department of Revenue shall grant and issue to each applicant a separate certificate of registration for each place of business within the State. A certificate of registration is not assignable and is valid only for the person in whose name it is issued and for the transaction of business at the place designated therein. It shall at all times be conspicuously displayed at the place for which issued.

Section 10. (1) In order to prevent the illegal importation of tangible personal property which is subject to tax in this State and to strengthen and make more effective the procedure and method of enforcing payment of the tax imposed by this Act, the Department of Revenue is hereby authorized and empowered to put into operation a system of permits whereby any person or dealer as defined in this Act may import tangible personal property by truck, automobile or other means of transportation other than a common carrier. Such sys-

tem of permits shall require a person or dealer who desires to import tangible personal property into the State which property is subject to tax imposed by this Act to apply to the Department of Revenue for a permit stating the kind of vehicle to be used, the name of the driver, the license number of the vehicle, the type of tangible personal property to be imported and such other information as the Department of Revenue may deem necessary to prevent the illegal transportation of taxable tangible personal property into the State. Such permits shall be free of cost and may be obtained from the Department of Revenue and shall expire on the last day of each calendar year. Permits may be renewed by application.

(2) Import permits granted under this section shall be suspended or revoked in the same manner as is prescribed in Section 11 of this Act.

Section 11. The Department of Revenue shall have the power to cite holders of registration certificates for violations of this Act to appear before the Kentucky Tax Commission to show cause why their registration certificate should not be revoked. Upon cause the Kentucky Tax Commission may suspend or revoke the registration certificate of any dealer. At the end of the suspension or revocation period, as determined by the Commission, a dealer whose certificate of registration has been previously suspended or revoked shall pay the Department of Revenue a fee of one dollar and file a new application for the renewal or issuance of a certificate of registration. The dealer so cited shall be given ten days notice in writing specifying the time and place of hearing. The notice may be served personally or by registered mail directed to the last known address of the person. Any person who engages in business as a dealer in this State without a certificate of registration after a certificate of registration has been suspended or revoked and each officer of any corporation which so engages in business shall be guilty of a misdemeanor and punishable as provided by law.

Section 12. (1) For the purpose of the enforcement of the collection of the tax levied by this Act, the Department of Revenue or its agents are hereby authorized and empowered to examine the books, records, and other documents of all transportation companies, agencies or firms in order to determine what dealers as provided in This Act are importing or consuming the articles of tangible personal property which are liable for said tax.

(2) Each dealer as defined in this Act shall secure, maintain and keep for a period of at least two years a complete record of tangible personal property received, used, sold at retail, distributed or stored, leased or rented within this State by said dealer together with invoices, bills of lading and other pertinent records and papers as may be required by the Department of Revenue for the reasonable administration of this Act and all such records shall be open for inspection to the

Department of Revenue. Any dealer subject to the conditions of this Act who shall violate this provision shall be guilty of a misdemeanor and shall be punished by a fine of not more than two hundred dollars or imprisonment for not more than three months, or both in discretion of the court.

Section 13. (1) The taxes imposed by this Act are due and payable to the Department of Revenue quarterly on or before the thirtieth day next succeeding each quarterly period. The words "quarterly period" shall mean a period of three calendar months commencing on the first day of January, April, July or October of each year or in case any seller shall commence business on a day other than the first day of January, April, July or October, a period beginning on the date of commencement of business and ending on December 31, March 31, June 30 or September 30. The first quarterly period to be in force and effect under this chapter shall be that which commences on the first day of October, 1956.

(2) If any dealer subject to make and file a return required by any provision of this Act fails to render such return within the time required or renders a return which is false or fraudulent in that it contains statements which differ from the true gross sales, purchases, leases or rentals taxable under this Act or otherwise fails to comply with the provisions of this Act for the taxable period for which said return is made, the Department of Revenue shall give such dealer ten days notice in writing requiring such dealer to appear before the Department of Revenue or its agents with such books, records, and papers as the Department may require relating to the business of such dealer for such taxable period; and said Department of Revenue may require such dealer or the agents and employes of such dealer to give testimony or to answer interrogatories under oath administered by the Department of Revenue or its agents respecting the sale at retail, the use, consumption, or distribution, or storage for use or consumption in this State, or lease or rental of tangible personal property subject to tax or the failure to make report thereof as provided in this Act.

(3) If any dealer fails to make any such return or refuses to permit an examination of his, the dealer's books, records or papers, or to appear and answer questions within the scope of such investigation relating to the sale, use, consumption, distribution, storage, lease, or rental of tangible personal property, the Department of Revenue is hereby authorized to make an assessment based upon such information as may be available to them.

(4) In the case of the lease or rental of tangible personal property, if the consideration given or reported by the dealer does not, in the judgment of the Department of Revenue, represent the true or actual consideration, then the Department of Revenue is authorized to fix the same and collect the tax thereon in the same manner as above provided, with interest plus penalties, if such have accrued. Any such assessment shall be deemed prima facie correct.

(5) At the time of transmitting the return required hereunder to the Department of Revenue the dealer shall remit to the Department therewith the amount of tax due under the applicable provisions of this Act and failure to so remit such tax shall cause said tax to become delinquent.

(6) Any dealer subject to the provisions of this Act failing or refusing to furnish any return herein required to be made or failing or refusing to furnish a supplemental return of other data required by the Department of Revenue, or who shall violate any other provisions of this Act, punishment for which is not otherwise herein provided shall be guilty of a misdemeanor and upon conviction thereof shall be fined in the sum of not less than twenty-five dollars nor more than two hundred dollars or imprisoned for a period of not less than thirty days or more than ninety days, or both fine and imprisonment, at the discretion of the court. For second or subsequent offenses of any provisions of this Act, the penalty shall be double.

(7) Any dealer required to make, render, sign, or verify any return as aforesaid who makes a false or fraudulent return with intent to evade the tax hereby levied shall be guilty of a misdemeanor and upon conviction shall be fined not less than one hundred dollars nor more than one thousand dollars or be imprisoned not less than thirty days nor more than ninety days, or shall be punished by both fine and imprisonment, in the discretion of the court.

Section 14. (1) When any dealer shall fail to make any return and pay the full amount of the tax required by this Act, there shall be imposed, in addition to other penalties provided herein, a specific penalty to be added to the tax in the amount of five percent of the tax due if the report and remittance is not more than one calendar month late, with an additional five percent for each additional calendar month or fraction thereof during which the failure continues, not to exceed twenty-five percent in the aggregate. In the case of a false or fraudulent return where willful intent exists to defraud the State of any tax due under this Act, a specific penalty of fifty percent of the tax due shall be assessed.

(2) When any dealer fails to remit the tax or any portion thereof on or before the day when such tax shall be required by law to be paid, there shall be added to the amount due, interest at the rate of six percent per annum from the due date until paid.

(3) In the event any dealer fails to make a report and pay the tax as provided by this Act or in case any dealer makes intentionally an incorrect report or a report that is false or fraudulent, it shall be the duty of the Department of Revenue to make an estimate for the taxable period of retail sales of such dealer or of the gross proceeds from rentals or leases of tangible personal property by the dealer and an estimate of the cost price on all articles of tangible personal property imported by the dealer for use or consumption or distribution or storage to be used or consumed in this State and assess and collect

the tax and interest plus penalty if such have accrued on a basis of such assessment which shall be considered prima facie correct and the burden to show the contrary shall rest upon the dealer.

(4) In the event the dealer has imported tangible personal property and he fails to produce an invoice showing the cost price of the articles as defined in this Act which are subject to tax or the invoice does not reflect the true or actual cost price as defined herein then the Department of Revenue shall ascertain in the best manner feasible the true cost price and assess and collect the tax with interest plus penalties if such have accrued on the true cost price. The assessment so made shall be considered prima facie correct and the duty shall be on the dealer to show the contrary.

Section 15. All taxes, interests and penalties imposed under this Act shall be paid to the Department of Revenue in the form of a remittance required by the Department.

Section 16. For the purpose of compensating the dealer in accounting for and remitting the tax levied by this Act, each dealer shall be allowed one percent of the amount of tax due and accounted for and remitted to the Department of Revenue in the form of a deduction in submitting his report and paying the amount due by him; provided the amount due on the report was not delinquent at the time of payment.

Section 17. The State shall have a lien on all of the tangible personal property of a dealer for taxes due and owing under this Act. The lien may be enforced as other liens on similar property are enforced, but such lien shall not affect any personal property passing to a bona fide purchaser for value.

Section 18. All monies collected and payable to the Department of Revenue under the provisions of this Act shall be turned over to the State Treasurer to be credited to the general fund.

Section 19. The Department of Revenue shall have the power to make and publish reasonable rules and regulations not inconsistent with this Act or the other laws, or the Constitution of this State or the United States, for the enforcement of the provisions of this Act and the collection of revenues hereunder.

Section 20. The Department is authorized to make and publish rules and regulations not inconsistent with this Act as the Department may deem necessary in enforcing its provisions in order that there shall not be collected on the average more than the rate levied herein. The Department of Revenue is authorized to and shall provide by rules and regulations a method for accomplishing this end and shall prepare schedules or instructions to dealers by setting out to them suitable brackets of prices for applying the tax or any other method that may be necessary for the purpose of the enforcement of this Act and the collection of the tax imposed thereby.

Section 21. (1) The tax imposed in Section 2 of this Act is in lieu of that provided in KRS 138.460; but, although that tax is hereby repealed, the Department of Revenue may by regulation continue to collect the tax on sales at retail and on storage, use, or other consumption imposed in Section 2 and 5 of this Act under the provisions of KRS 138.450 to KRS 138.470 or, at its option, to employ the administrative provisions of this Act incident to the administration of all the taxes imposed by this Act in respect of motor vehicle sales.

Section 22. Section 141.010 of the Kentucky Revised Statutes is amended to read as follows:

As used in this Chapter unless the context requires otherwise:

(1) "Commissioner" means the Commissioner of Revenue;

(2) "Department" means the Department of Revenue;

(3) "Internal Revenue Code" means the Internal Revenue Code in effect on January 1, 1954;

(4) "Dependent" means those persons defined as dependents under Section 25 (b) (3) of the Internal Revenue Code;

(5) "Fiduciary" means a guardian, trustee, executor, administrator, receiver, conservator, or any person acting in any fiduciary capacity for any person, estate or trust;

(6) "Fiscal year" means an accounting period of twelve months ending on the last day of any month other than December;

(7) "Individual" means a natural person;

(8) "Federal income tax" means income tax paid or accrued to the United States Government on income subject to assessment and taxation under the provisions of this Chapter;

(9) "Net income," in the case of taxpayers other than corporations, means the same as net income defined under Section 21 of the Internal Revenue Code adjusted as follows:

(a) Exclude income that is exempt from state taxation by the Constitution and statutory laws of the United States;

(b) Exclude dividend income received during the taxable year upon stock of banks and trust companies organized under the laws of this state;

(c) Deduct "Federal income tax;"

(d) Ignore the "net operating loss deduction;"

(e) Include interest income derived from obligations of sister states and political subdivisions thereof;

(f) Include refunds of Federal income tax;

Provided the standard deduction set forth in Section 23 (aa) (1) of the Internal Revenue Code shall not be considered in determining net income. If the taxpayer elects to deduct the standard deduction set forth in KRS 141.081, the "net income" means adjusted gross income less the standard deduction.

(10) "Net income," in the case of corporations, means the same as net income defined under Section 21 of the Internal Revenue Code adjusted as follows:

(a) Exclude income that is exempt from state taxation by the Constitution and statutory laws of the United States;

(b) Exclude dividend income received during the taxable year upon stock of banks and trust companies organized under the laws of this state;

(c) Include Federal income tax refunds;

(d) Include interest income derived from obligations of sister states and political subdivisions thereof;

(e) Ignore state taxes measured by net income;

(f) Ignore the "net operating loss deduction;"

(11) "Taxable net income," in the case of corporations, means "net income" derived from business done, properly located, activities or sources in this state less "Federal income tax;"

(12) "Adjusted gross income" means the same as adjusted gross income defined in Section 22 (n) of the Internal Revenue Code less "Federal Income Tax" and the first three thousand dollars of income;

(13) "Person" means and includes an individual, a fiduciary, a partnership, an employer, an employe and a corporation;

(14) "Taxable year" means the calendar year or fiscal year ending during such calendar year, upon the basis of which net income is computed and in the case of a return made for a fractional part of a year under the provisions of this chapter or under regulations prescribed by the commissioner, "taxable year" means the period for which such return is made;

(15) "Net operating loss deduction" means the deduction allowed under Section 23 (s) of the Internal Revenue Code;

(16) "Resident" means any individual domiciled within this state;

(17) "Nonresident" means any individual not a resident of this state;

(18) "Employer" means "employer" as defined in Section 1621 (d) of the Internal Revenue Code;

(19) "Employe" means "employe" as defined in Section 1621 (c) of the Internal Revenue Code;

(20) "Number of withholding exemptions claimed" means the number of withholding exemptions claimed in a withholding exemption certificate in effect under KRS 141.325, except that if no such certificate is in effect, the number of withholding exemptions claimed shall be considered to be zero;

(21) "Wages" means "wages" as defined in Section 1621 (a) of the Internal Revenue Code;

(22) "Payroll period" means a period for which a payment of wages is ordinarily made to the employe by his employer, and the term "miscellaneous payroll period" means a payroll period other than a daily, weekly, biweekly, semimonthly, quarterly, semiannual, or annual payroll period;

(23) "Head of a household" means "head of a household" as defined in Section 12 (c) (3) of the Internal Revenue Code.

(24) "Corporations" includes associations and joint stock companies;

(25) "Gross income" means "gross income" as defined in Section 22 of the Internal Revenue Code.

Section 23. Whereas, it is deemed necessary that additional revenues be obtained to meet the requirements of the budget for the biennium 1956-57 and 1957-58 an emergency is declared to exist and this Act shall take effect upon its passage and approval by the Governor.

Representative Morgan moved to adjourn until 10:00 A.M., April 13, 1956. Agreed.

FRIDAY, APRIL 13, 1956

SEVENTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend H. Glenn Stephens, South Frankfort Presbyterian Church, Frankfort.

The roll was called. All present except Anderson, Barnum, Beshear, Blankenship, Buchanan, Casey, Conrad, Cottengim, Davidson, Day, Dunsil, Everett, Flanery, Gay, Greene, Grigsby, Harris, Heyburn, Clyde S. Howard, Durham W. Howard, Isler, Kubale, Lambert, Martin, McFadden, Melton, Newsom, Nunnelley, Peace, Pollitte, Qualls, Rayburn, John B. Reed, Vernon Reed, Reynolds, Saylor, Sloan Stith, Thomas, and Weintraub, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for April 12, 1956, dispensed with and the same approved on motion of Representative Burnley.

Calendar

HB 11 and **HR 4** were taken from the Calendar and read at length for the second time. Ordered placed in Orders of the Day.

Introduction of Bills and Resolutions

HB 34, by Representative Davis: AN ACT relating to revenue and taxation.

HB 35, by Representatives Lowman, Tanner, Breathitt, Williamson, and Saylor: AN ACT relating to pari-mutuel and other systems of betting and the taxation thereof, and the appropriation of certain revenue therefrom.

HB 36, by Representative Caudill: AN ACT relating to revenue.

HB 37, by Representative Caudill: AN ACT relating to the leasing of sand and gravel rights in the Ohio River bed.

HB 38, by Representative Tinsley: AN ACT relating to the construction of bridges over boundary line streams between this state and another and the reciprocal exemption thereof from taxes.

HR 5, by Representative Grundy: A CONCURRENT RESOLUTION honoring the City of Campbellsville for the outstanding achievement in community development.

HR 6, by Representative Wilson: A CONCURRENT RESOLUTION commending the City of Glasgow for its achievement in community development.

HR 7, by Representative Isler: A CONCURRENT RESOLUTION urging the Congress to enact legislation reducing the Federal taxation on income.

HR 8, by Representative Isler: A HOUSE RESOLUTION urging the Congress of the U. S. to enact legislation designed to secure the return to the respective states of two dollars of each ten and one-half dollars Federal excise tax collected on whiskey.

HR 9, by Representative Hislope and Caudill: A JOINT RESOLUTION proposing submission of alternative methods of raising revenues, required by the biennium budget for 1956-57, 1957-58, to take the sense of the people, by general referendum.

HR 7, HR 8, and **HR 9** referred to Rules Committee.

Representative Wilson moved the rules be suspended to make a motion. Agreed.

Representative Wilson moved the adoption of **HR 6.** Adopted.

HR 6: A CONCURRENT RESOLUTION commending the City of Glasgow for its achievement in community development.

WHEREAS, the City of Glasgow has just been awarded one of the two highest honors in the Kentucky Chamber of Commerce's 1955 Community Development Contest, and

WHEREAS, Glasgow is promoting industrial development through the Glasgow Development Corporation, which has made available, at reasonable prices, industrial sites with water, electricity and gas, and

WHEREAS, the Glasgow community has a golf course, swimming pool, three parks, a supervised recreation program, a 124-bed community hospital, a private hospital, and a clinic, and

WHEREAS, private industry in the City of Glasgow is going through a period of remodeling, expansion and improvement, and

WHEREAS, all of these community development achievements contribute to the increased income, the social welfare, and the personal development of the citizens of the City of Glasgow and the Commonwealth of Kentucky as a whole,

NOW, THEREFORE,

Be it resolved by the House of Representatives of the Commonwealth of Kentucky, the Senate concurring therein:

Section 1. That the General Assembly of the Commonwealth of Kentucky does hereby express its commendation and congratulations to the City of Glasgow upon its achievement in winning the highest Community Development Contest award granted by the Kentucky Chamber of Commerce for 1955.

Section 2. That the Clerk of the House of Representatives cause copies of this resolution, properly attested under the Seal of the Commonwealth of Kentucky, to be sent to the Honorable L. B. Nunn, County Judge of Barren County, and to the Honorable J. R. Ritchey, Chairman of the Glasgow Chamber of Commerce Development Committee, and to the Honorable W. E. Walbert, Mayor of the City of Glasgow.

Representative Grundy moved the rules be suspended to make a motion. Agreed.

Representative Grundy moved the adoption of **HR 5.** Adopted.

HR 5: A CONCURRENT RESOLUTION honoring the City of Campbellsville for its outstanding achievement in community development.

WHEREAS, the City of Campbellsville has just been awarded one of the two highest honors in the Kentucky Chamber of Commerce's 1955 Community Development Contest, and

WHEREAS, the City of Campbellsville has shown, during the past year, phenomenal industrial, economic, and cultural growth for a city of approximately 3500 population, and

WHEREAS, the physical plant of Taylor County High School has been expanded, and a municipal swimming pool has been constructed, and

WHEREAS, the Taylor Manufacturing Company is building an addition which will increase employment by that firm from 1100 to 1400, and

WHEREAS, a new Catholic school and an addition to the Baptist church have been completed, and

WHEREAS, 132 new homes were built during the past year, and

WHEREAS, Campbellsville College Industries has been established to provide part-time employment for 80 students in woodworking and metal working shops, and

WHEREAS, all of these community development achievements increase the income of the citizens of Campbellsville and contribute to the social welfare and personal development of the population of the City of Campbellsville, as well as the Commonwealth of Kentucky as a whole.

NOW, THEREFORE,

Be it resolved by the House of Representatives of the Commonwealth of Kentucky, the Senate concurring therein:

Section 1. That the General Assembly of the Commonwealth of Kentucky does hereby express its commendation and congratulations to the City of Campbellsville upon its achievement in winning the highest Community Development Contest award granted by the Kentucky Chamber of Commerce for 1955.

Section 2. That the Clerk of the House of Representatives cause copies of this resolution, properly attested under the Seal of the Commonwealth of Kentucky, to be sent to the Honorable H. T. Parrot,

President of the Campbellsville Chamber of Commerce, and to the Honorable C. B. Heistand, Mayor of the City of Campbellsville, and to the Honorable Ira Wise, County Judge of Taylor County.

HR 10, by Representative Breckinridge: A CONCURRENT RESOLUTION requesting the Governor to declare Henry Clay's birthday as a holiday.

HR 10 laid on the Clerk's Desk.

Representative Morgan moved that the House adjourn until 8:00 P.M., April 16, 1956. Agreed.

MONDAY, APRIL 16, 1956

NINTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by Representative Caleb McFadden, Member of the House of Representatives.

The roll was called. All present except Highland, Newsom, Nunnelley, Rayburn, John B. Reed, and Mrs. Wilson, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for April 13, 1956, dispensed with and the same approved on motion of Representative Isler.

Senate Message

Senate message announcing passage of **SR 8** and **SB 3.** Ordered that said resolution and bill be referred.

The Clerk read the following communication from the Governor:
Commonwealth of Kentucky, Executive Chamber, Frankfort
April 16, 1956

Hon. Thomas Fitzpatrick, Speaker
House of Representatives
Frankfort, Kentucky
My Dear Speaker:

I have a message which I would like to deliver to a joint session of the General Assembly in person at your earliest convenience.

If possible, I would like to come tonight at 8:15.

Cordially,

(Signed) A. B. CHANDLER, Governor

Appointment of Committee

The Speaker appointed the following committee pursuant to Governor's communication: Representatives Pollitte, Howard V. Reid, Day, Hill and Williamson.

Joint Session

The Committee appointed to wait upon the Governor reported that the Governor was ready to address a Joint Session of the General Assembly.

The Senate entered upon the floor of the House and the Honorable Harry Lee Waterfield, Lieutenant-Governor and President of the Senate, assumed the Chair and called the Joint Session to order.

Prayer by the Reverend John C. Chenault, First Christian Church, Frankfort.

Representative Morgan moved that the Senate and House do now go into Joint Session to hear a message from the Governor. Agreed.

The Committee appointed to wait upon the Governor appeared with His Excellency, Albert B. Chandler, Governor of the Commonwealth of Kentucky, who took his place at the Clerk's desk.

The Governor addressed the General Assembly, as follows:

SPEECH MADE BY GOVERNOR A. B. CHANDLER TO THE FOURTH EXTRAORDINARY SESSION OF THE GENERAL ASSEMBLY, MONDAY NIGHT, APRIL 16, 1956

Mr. President, Mr. Speaker and Ladies and Gentlemen of the Joint Session of the General Assembly:

I have not anticipated this appearance, and so tonight I have no prepared speech. I am very grateful to you for giving me an opportunity to speak again to the Fourth Extraordinary Session of the General Assembly. I have an important message to give to you in addition to some information that I would like to give you with respect to the tax session. I think time will prove and, of course, all of us must wait the passage of time in order to change the course of human events. We are so close to it now that I'm afraid that it isn't the proper time to change, but I think that time will show that perhaps this session of the Legislature established the ground work, and laid a firm foundation for the greatest period of progress that our people have ever enjoyed. Notwithstanding the fact that we have had some disagreements, the things that we are all for are so much more important than the things that divide us that we ought not to dwell on the differences of opinion and on minor matters at great length. I am of the opinion now that in the shortest period of time perhaps ever the total contribution of the men and women to the welfare of our people in this session outstrips all others in the history of the Commonwealth, and, Senators, that is the way it ought to be because if we do not learn from experience and if we do not learn from the mistakes of our predecessors, we are not worthy to accept the responsibilities of an hour such as this. After the General Session, which people tell me made an outstanding record in the General Session, every day somebody calls to tell me of some beneficial law you have passed on your own in the General Session that has made a magnificent contribution to our people.

The Superintendent of Public Instruction has told me that never in the history of Kentucky in his opinion did the General Session pass so many important bills for the benefit of education than the General Session of 1956. In the Reorganization Session we tried to pattern the reorganization after the session of 1936 under which we have been living for these twenty years with some minor changes. Mr. Floor Leader, at the time that bill was passed it was widely copied in the United States, and the men responsible for its preparation, and I

take no great credit for myself, but I certainly invisioned and expressed the wish to the Legislature of 1936 that we reorganize the government from top to bottom, make the Governor in fact — — — I recall very well when Governor Lafoon said that as Governor he had very little final power and final authority, and people held him responsible for a great many things for which it was absolutely impossible for him to assume the responsibility. I ask those of you who are younger and who have grown up since 1936 to ask Stanley Blake and Dr. Shields and the old timers who were here then and who are here now, and my beloved friend, Fred Beshear, I'm glad to see you partner, I'm always glad to see you, God bless you. They're proud to have been a part of a session that reorganized the government from top to bottom so that we could make the state live within its income, and pay its debts and operate an orderly government for the benefit of all its people. I want to disavow in the presence of all of you any wish on this earth now for future office or future preferment, Doc, on the part of my people or any future thing, but I think no man could be elected Governor twice of so great a people and not ask every day Almighty God to show him the way to do what in the long run of the years what will best prosper our people. That I do. I have tried to tell you over and over again that the things that we do are not final. They may even last for four years and then not be final. Somebody can come along and change them if they are not right. I am very anxious to change things that aren't right right away if we conclude that we have made a mistake. I am not at all ashamed to back up and say that we have made mistakes and that we ought to change it and go another way. I owe too high an obligation to all of our people.

I have made trouble for some of you, not intentionally. I have made trouble for you. Last year during the campaign I promised the people of Kentucky, and the people especially with whom I live and the people with whom I have lived longest and perhaps who love me best, the people in the vicinity of Versailles and Lexington. I'm not forgetting the scenes of my childhood in Henderson County, and they too when the opportunity came on every occasion, Fred, have gone and helped me in large numbers. And they may do that for you, Billy Boy, once but to do it for more than a quarter of a century fills your cup to overflowing. I may have fooled them. I doubt that you can fool them for twenty-five years. They sort of get on to you in a quarter of a century. But I promised the people in my country, among other things, that I would undertake to have you undo something that the Legislature in 1954 had done to my people. I'd like to give you a little history. More than twenty years ago a group of people, a hundred in number, organized at Lexington a non-profit race course. I was a member of the State Senate the last time the people in Kentucky, after years and years of strife and fighting, undertook to pass a law making it unlawful to have pari-mutuel betting in Kentucky. Of course, if they didn't have it, chances are the race courses would not keep

open. That's no great importance or concern of mine. It's of considerable concern to the stockholder of Churchill Downs and the people who engage in the thoroughbred industry. It's of lesser concern to the people who organized this little non-profit race track at Lexington. When they organized that, there were one hundred families invited to put up their money and join. There never will be any more and there probably will not be less, but you couldn't sell a share of stock in it. Nobody would buy it because it wasn't worth anything. You're not going to get any profit. It's non-profit. When that little race track was organized, 90% of the yearling race horses were being sold in New York. After it was organized, and since it has been organized, Paul, 90% are being sold at Lexington, Kentucky. It's quite an industry. Millions of dollars have gone into Central Kentucky, and coming into Central Kentucky, it's scattered abroad into all the Commonwealth. I dare say that if it were in Glasgow, or Hopkinsville, or Whitesburg, or Ashland, that you would dare to do anything to weaken its existence or destroy it. Hundreds and maybe thousands of people make their living following the thoroughbred horses and working in the stables. Many people buy their hay and grain and oats from the farmers in the Bluegrass country and wherever they can. It's not like Churchill Downs; they have stopovers. They make money. They distribute dividends. Not so with the little track at Lexington. Floyd Bush told me today and Floyd Bush will tell you, that thousands of dollars have been given to little schools that otherwise couldn't have kept their doors open. There are many little schools that I have tried to get them to give money to that you can't appropriate money to, and if you can't appropriate the money, I can't help them. Small colleges in Kentucky have been given and almost without exception have taken the money from the Keeneland Foundation. I don't know that there is any exception because the Kentucky Independent College Foundation gets its money from Keeneland Foundation and others, and they have taken the money, and I assume that it has been helpful. But last year in public I said that I thought that it was a bad thing. I thought that it was done in haste. I thought it was done just to sort of be mean to a group of people. I thought so. Maybe not. But anyway, I asked you this year to put it back and you did it. I fear that some of you did it because I asked you to and really didn't want to do it. I don't feel good about that. I feel that you have gotten mixed up on the thing. I think if you want to stop race track gambling, I'd be honest about it. I'd put in a bill and say after a certain date there won't be any more race track gambling and the state will not be a party to race track gambling. The power to tax, of course, is the power to destroy. Billy Boy, you remember when it was a common law when they sentenced a fellow to die? They didn't say you are sentenced to death. They sentenced him to bear weights on his chest as heavy as he could bear and heavier and, of course, when the weights got too heavy, he'd disappear.

I have made a promise which I always want to keep and mean to keep. I have been just as frank with you fellows on every public question, and if you don't think so, there is no time when you can ask me that you can't get my views and they'll be my views and as honest as I can express them on any public question that is involved here. And I have not withheld from you any information at any time that I have had that you wanted that would help us to do this job. This morning I got an unsolicited letter which I must read to you. I must share this information with you. You are entitled to have it. It will gratify those people who are in opposition to this little race course over there. It may relieve some of you who, because I asked you to, voted to right what I thought was wrong, and that placed me in position, if you follow their suggestion, that I'm not going to continue to fight because I promised it and everybody heard me, and I may say that there was a sharp issue because my opponent said he wouldn't do it. He said that he would keep it on. I think probably he would have had an easier time than I have. I probably took the hard way, but I repeat that if it had been in Whitesburg, or Hopkinsville, or Glasgow—I have tried and I want to continue to try if I may to keep our people from fighting each other. Our motto is "United we stand, divided we fall", and if we live under the second half of the motto, we are not going to make much headway.

We had a great fight brewing over the organization of the medical school. It came, all of you know where it came from. It came from Louisville. I don't want the people in Louisville to fight over something for Lexington, or Glasgow, or Madisonville, or Hopkinsville. There are enough good things that we can distribute around to among people without fighting over something. You're never going to have the same thing. I wouldn't do anything in this world to hurt or injure the Louisville Medical School, and nobody knows that better than the President of the University of Louisville. On the contrary I have not hurt it. I have asked you and you have helped it, and it is going to be much better off in the future than it has been in the past. This letter is dated April 14, 1956:

(Governor Chandler read letter in full, copy of which is attached)

Now, my friends, I have come to ask you to reconsider it. I shall ask Mr. Morgan to post the bill on the board, and I say to you that these people don't want to make trouble for me. They want to be as helpful to me as they can. You know in this business you have to stand the gaff, and if you can't stand the gaff, you ought to get out of the game. And I've been standing the gaff for a long time, and I'm perfectly willing to stand it whenever it comes my turn. And I feel justified with this sort of communication to present it to you and you can take such action as you deem necessary under the circumstances with the certain knowledge that I will accept it. I would leave only one admonition as I would make with respect to any other industry. If you want it to survive, please don't tax it until it will have to close

up. That is true of the power to tax. I repeat, the power to tax is the power to destroy, and if you are not careful, destruction is a possibility.

And now I would like to say a word about the tax bill. I say the budget is passed. We need a little money to see that we don't spend more than we take in. For nearly four months I had Dr. Martin, in whom I have great confidence. He is a very articulate fellow. In some quarters he is the Governor. He would be very well able to discharge the duties, and if he ever runs, he would get lots of recommendations. He worked for me twenty years ago, and I have learned through experience that his advice is very sound and very good. I have Mr. Luckett and Mr. Herzel, and for four months they wrestled with the tax problem. I never hope to be able to make taxes popular. If that is an ambition of any of you, I would advise you to get rid of it. They told me, Mr. Floor Leader, that the tax bills which we recommended were the most equitable and the finest. Now upon that we can disagree, but if you pass the sales tax, and we brought it out so that we could let everybody have a chance, I have to tell you what my position is about it because I think that I have had as much to do the last twenty-five years keeping the sales tax off perhaps as any other individual. Don't make plans to pass the sales tax once. Make plans to pass it twice because I'm going to send it back to you promptly. I'm not questioning that you get fifty-one votes and you can pass it, but you're going to be put to the trouble of doing it twice because I've got to keep my word. I told everybody in Kentucky.

Now I want to give you some figures, and it is no doubt about these at all. Over 87% of Kentucky families according to the Federal statistics make less than $5,000 a year. Some of the boys have been in and told me that they have heard from their people. Huh, you didn't hear from these little people. If you run again you'll hear from them if you vote for the sales tax. You'll hear from them the next election. They're not as articulate, and they haven't got the means of communication except at the polls. Now that is advice from an old hand. You know I'm an old politician. I'm an old runner. You don't have to take that advice. It is worth what it cost to hear it though, it's free, and so free advice is worth what it costs. There are 865,000 families in Kentucky. Under my program the tax burden will be spread over about 565,000 people. Under the sales tax it will be spread over three million, one hundred odd thousands. That is every living mother, father and son. Now maybe you can pursuade them that is all right. I know a Governor once that tried it, and, of course, I learned from him, and if experience doesn't teach you anything, you'll have bumps on your head that you'll wish you hadn't cultivated.

In addition House Bill 11, no Kentucky corporation — — — you are going to get the $9,000,000 that Kentucky corporations have already agreed to pay because I've had no protests from them. The bill that I suggested to you to raise corporation taxes you'll get $9,100,000 in the next two years, and they've called me and said they are perfectly

willing to pay it, that it doesn't hurt them and it still keeps us tied with Virginia and much lower than all the other substantial Southern states except Virginia, and at least two points to a point and a half below Pennsylvania and New York, and no trouble at all with our competing with industry under this corporation tax bill. Now if you pass at the earliest possible moment, and I don't mean to hurry. I haven't hurried you. You have done pretty well. I don't think you can possibly get through this week. I would hope that we would get through some time next week, and some of you can have another pleasant week end at home. I have cooperated with you in every way, and I know that it has been pleasant not to have anything to do and still draw pay, and having once been a member of the Legislature, that's one of the nice occupations that come to men. I don't think that you ought to hurry, but I do think that at 1 o'clock tomorrow if you will pass bill No. 1, and bill No. 2, and bill No. 3, it doesn't make very much difference to me whether you do anything else at all or not. I can operate the ship and we'll be all right; we'll be in fine shape.

There is one other bill that I would like to call to your attention. You'll have some opposition to that, but I've got to tell you that I think it ought to be passed. I think a failure to pass it will result in our losing substantial industry who now will not come to Kentucky because they want to wait and see what you're going to do with that bill, that is, the so-called Louisville Annexation Bill. They're afraid. They think that you're going to stick out a thumb and run around the thumb and take them in, and as one prominent industrialist said to me on the phone the other day, he says: "I have no objection to being taken into the City of Louisville if in the normal course of events the city grows and encompass me." Now what else ought to object when the town gets around you, but what do you think these fellows go to the country for. They go to the country because they want room, and because until they have an opportunity to make some return on their investment, they don't want to have to pay the payroll and local and city taxes. It is as simple as that. Naturally that is no great concern of mine except that when I'm confronted with the proposition of trying to argue to industry that this is a good place for them to live and to provide work for our people, they look at me and say: "Governor, I can't come to your state. They will annex me the first or second year that I'm there, and I can't afford that." One of the largest industries that has recently come to Louisville is now fearful of what may happen to them, and sick of the fact that they came because they're afraid that they're going to be annexed before they have time to have an opportunity to make a reasonable amount of money to get over their original investment and sort of get themselves established. I present that for the sound discretion of the sensible members of this Legislature.

I hope sincerely, and I have no doubt about it, that we can get the tax measures passed in a reasonable time. We can undo some of

the things that we have already done that hurt some of my folks, and I'm trying to help them do that. I want you to let me help you in any way that I can. The whole government here will give you any help that they can give you, and any information that we've got that belongs to you. There never has been any time that we wouldn't have given you the information. I didn't want to give it to the editorial department of the Courier Journal. I didn't think that I was bound to give it to them. I didn't want to give it to the Sun Republican at Paducah. Oh, I'm mistaken, that's a misnomer. It's the Sun Democrat, isn't it? I don't feel any obligation, but as far as the people of Kentucky, the representatives and the senators, and, Fred, you know that I haven't come here except on special occasions when you've invited me, or when it is my duty to come. Everybody can't have a program. What do you think would happen if all 138 of you had brought a program up here? I wouldn't know which way to go. I think the people during this period with some knowledge of my record and past performance elected me to lead this thing, and I am trying as God is my judge to do the best I can. If you can't take the best advice you can get, and just do the best you can, what can you do? I would have no hesitancy and I don't have all the trouble. You know Eisenhower vetoed the farm bill today. All the trouble isn't ours you understand. Other people have trouble too.

I had not intended to trespass again on your patience. You have been very kind to me and very considerate. I wish now that you would just buckle down. You've had the delays. You wanted it; you got it; you were entitled to have it. You had the hearing. I don't think that was satisfactory to the fellows who called it. I wish that it had been more satisfactory. I would have come. I could have made it more lively than the fellows who came. Now, I want you to consider will you — — — just vote on the program that we have given you, and I predict that if it passes, when you come back two years from now, our affairs will be in order, we will have kept substantially our commitments, and I want to keep them to the letter if it is humanly possible, but we will have financed health and welfare and education. We will build roads, Doctor, and schools and we will be educating young doctors and dentists, and I think the people of Kentucky — — — and I wouldn't single out just Democrats for that. I have had tremendous encouragement and support from Republicans, and I want to express my appreciation to you, very deep appreciation. What's good for you is good for us, and you've got sense enough to know whether it is good for you or not. You know one of them said to me the other day, a Republican, a distinguished Republican, when in a public gathering I complimented the Republicans for their help in the Legislature, he said: "Happy, we helped elect you. We've got to protect our investment." And some of them did, Ed, and I know that, but let's buckle down now and get this job done, and I think the verdict of our fellow citizens which we are all anxious to have — — — I know you

know me well enough to know that I'm not afraid. I'll accept my responsibilities whenever they come to me in whatever form or fashion, and I can only ask that you will also accept yours, and that all of us ask Almighty God and He is the one from zone to zone guides our certain plight. You know, we've got some poets here, and I know some poems too. "He who from zone to zone guides through the boundless sky thou certain plight, in the long road that we must tread along will lead our steps aright."

I want you to join me in asking Almighty God above to direct our steps so that men may see in another generation that during our time we kept faith with them.

Thank you and God bless you all.

Representative Morgan moved that the Joint Session of the General Assembly do now dissolve. Agreed.

The Speaker resumed the Chair and called the House to order.

Representative Morgan moved that the rules be suspended for the purpose of introducing bills. Agreed.

Introduction of Bill

HB 39, by Representative Morgan: AN ACT relating to parimutuel and other systems of betting and the taxation thereof.

Representative Morgan moved that the House adjourn until 12:45 P.M., April 17, 1956. Agreed.

TUESDAY, APRIL 17, 1956

TENTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend H. Glenn Stephens, South Frankfort Presbyterian Church, Frankfort.

The roll was called. All present except Blue, Highland, Jennings, Lambert, Lowman, Moore, Rayburn, John B. Reed, Thomas, Tinsley, and Williamson, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for April 16, 1956, dispensed with and the same approved on motion of Representative Isler.

Representative Morgan moved that **HB 1** which had been made a Special Order of Business for 1:00 P.M., April 17, 1956, be placed upon its passage. Agreed. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 49—Bates, Beshear, Billington, Blankenship, Blue, Buchanan, Burnley, Bush, Carter, Casey, Conrad, Cottengim, Davidson, Davis, Day, Dunsil, Embry, Everett, Fitzpatrick, Flanery, Greene, Grigsby, Grundy, Gullette, Harris, Hawkins, Hill, Hilton, Isler, Johnson, Kubale, Morgan, Newsom, Nunnelley, Qualls, Ratcliffe, V. Reed, H. V. Reid, Reynolds, Sloan, Stith, Thomas, Thompson, Tinsley, Wathen, Weintraub, L. B. Wells, Wilson, Wirsch. Nays 32—Barnum, Baumgardner, Breathitt, Breckinridge, Caudill, Freeman, Gay, Griffin, Hadden, Hahn, Heskamp, Heyburn, Hislope, D. W. Howard, Mackey, Martin, McCallum, McFadden, McKinney, Miller, Mullins, Murphy, Nunn, Ockerman, Parrish, Peace, Ray, R. Reid, Sr., Saylor, Searcy, Tanner, Walsh.

HB 1 was lost for failure to receive a majority of votes.

Representative Freeman moved to amend **HB 1** as follows:

Amend printed copy of **HB 1,** by striking all the material following the enacting clause and substituting in lieu thereof the following:

Section 1. Sections 1 through 27 of this Act shall be known as the "Kentucky Retailers' and Consumers' Sales and Use Tax Act."

Section 2. A new section of the Kentucky Revised Statutes is created to read as follows:

As used in Sections 1 through 27, unless the context requires otherwise:

(1) "Commissioner" means the Commissioner of Revenue.
(2) "Department" means the Department of Revenue.
(3) "Person" includes any individual, firm, copartnership, co-

operative, nonprofit membership corporation, joint adventure, association, corporation, estate, trust, business trust, receiver, syndicate or other group or combination acting as a unit.

(4) "Sale" means any transfer of title or possession or both, exchange, barter, lease or rental, conditional or otherwise, in any manner or by any means whatsoever of tangible personal property for a consideration, and includes the fabrication of tangible personal property for consumers who furnish, either directly or indirectly, the materials used in fabrication work, and the furnishing, repairing, or serving for a consideration of any tangible personal property consumed on the premises of the person furnishing, preparing, or serving such tangible personal property. A transaction whereby the possession of property is transferred but the seller retains title as security for the payment of the price shall be deemed a sale.

(5) "Retail sale" or a "sale at retail" means a sale to a consumer or to any person for any purpose other than for resale in the form of tangible personal property, or services taxable under this Act, and shall mean and include any such transactions as the Commissioner upon investigation finds to be in lieu of sales; provided that sales for resale must be made in strict compliance with rules and regulations. Any dealer making a sale for resale which is not in strict compliance with rules and regulations shall himself be liable for and pay the tax. For the purpose of the tax imposed by this Act, these terms shall include but shall not be limited to the sale or charges for any room or rooms, lodgings, or accommodations furnished to transients by any hotel, inn, tourist camp, tourist cabin, or any other place in which rooms, lodgings, or accommodations are regularly furnished to transients for a consideration. The tax shall not apply, however, to rooms, lodgings, or accommodations supplied for a period of ninety continuous days or more.

(6) The term "gross sales" means the sum total of all retail sales of tangible personal property or services as defined herein, without any deduction whatsoever of any kind or character, except as provided in Section 3 of this Act.

(7) "Sales price" means the total amount for which tangible personal property or services are sold, including any services that are a part of the sale, valued in money, whether paid in money or otherwise, and includes any amount for which credit is given to the purchaser by the seller, without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor or service costs, losses or any other expenses whatsover; provided, that cash discounts allowed and taken on sales shall not be included, nor shall the sales price include the amount charged for labor or services rendered in installing, applying, or remodeling or repairing property sold, finance charges, carrying charges, service charges or interest from credit extended on sales of tangible personal property under conditional sale contracts or other conditional contracts providing for de-

ferred payments of the purchase price, shall not be considered a part of the selling price of such property and shall not be added to the sale price for the purpose of computing the tax imposed by this Act.

(8) "Cost price" means the actual cost of articles of tangible personal property without any deductions therefrom on account of the cost of materials used, labor, or service costs, transportation charges, or any expenses whatsoever.

(9) "Lease or rental" means the leasing or renting of tangible personal property and the possession or use thereof by the lessee or rentee for a consideration, without transfer of the title of such property.

(10) "Storage" means and includes any keeping or retention in this state of tangible personal property for use or consumption in this state, or for any purpose other than sale at retail in the regular course of business.

(11) "Use" means and includes the exercise of any right or power over tangible personal property incident to the ownership thereof, except that it shall include the sale at retail of that property in regular course of business.

(12) "Business" includes any activity engaged in by any person, or caused to be engaged in by him, with the object of gain, benefit, or advantage, either direct or indirect.

(13) "Retailer" means and includes every person engaged in the business of making sales at retail, or for distribution, or use, or consumption, or storage to be used or consumed in this state.

(14) "Tangible personal property" means and includes personal property, which may be seen, weighed, measured, felt, or touched, or is in any other manner perceptible to the senses. Tangible personal property does not include stocks, bonds, notes, insurance or other obligations or securities.

(15) "Use Tax" referred to in this Act includes the "use, the consumption, the distribution, and the storage" as herein defined.

(16) "Dealer" shall include every person who:

(a) Manufactures or produces tangible personal property for sale at retail, for use, or consumption, or distribution, or for storage to be used or consumed in this state;

(b) Imports or causes to be imported, tangible personal property from any state or foreign country, for sale at retail, for use, or consumption, or distribution, or for storage to be used or consumed in this state;

(c) Sells at retail, or who offers for sale at retail, or who has in his possession for sale at retail, or for use, or consumption, or distribution, or storage to be used or consumed in this state, tangible personal property;

(d) Has sold at retail, or used, or consumed, or distributed, or stored for use or consumption in this state, tangible property and who cannot prove that the tax levied by this Act has been paid on the sale

at retail, the use, the consumption, the distribution, or the storage of said tangible personal property;

(e) Leases or rents tangible personal property for a consideration, permitting the use or possession of said property without transferring title thereto;

(f) Is the lessee or rentee of tangible personal property, and who pays to the owner of such property a consideration for the use or possession of such property without acquiring title thereto;

(g) Maintains or has within this state, directly or by a subsidiary, an office distributing house, sales room, or house, warehouse, or other place of business.

Section 3. A new section of the Kentucky Revised Statutes is created to read as follows:

The term "sale at retail", "use", "storage" and "consumption" shall not include:

(1) The sale of admissions to "places of amusement or entertainment" as defined in KRS 138.010(2);

(2) The sale of gasoline as defined in KRS 138.210 (4);

(3) The sale of special fuel as defined in KRS 138.560(3);

(4) The sale of motor vehicles subject to tax under KRS 138.460;

(5) The sale of alcoholic beverages subject to tax under KRS 243.720;

(6) The sale of articles of food intended for off-the-premises consumption;

(7) The sale of artificial, natural or mixed gas, electricity, transportation, water and telephone and telegraph services;

(8) The sale, use, storage or consumption of industrial materials for future processing, manufacture or conversion into articles of tangible personal property for resale where such industrial materials become a component part of the finished product nor shall such terms include industrial material, other than machinery and machinery repair parts, that are used directly in the fabricating, converting or processing of articles of tangible personal property or parts thereof for resale, nor shall such terms include materials, containers, labels, sacks or bags used for packaging tangible personal property for shipment or sale;

(9) Professional, insurance, or personal service transactions which involve sales as inconsequential elements for which no separate charges are made nor services rendered by repairmen for which a separate charge is made;

(10) Fertilizer which is applied to land for the growing of crops, seed or insecticides used for agricultural purposes, or feed for livestock and poultry;

(11) Sales which a state would be without power to tax under the limitations of the Constitution of the state or the United States, together with sales to the State of Kentucky or subdivisions thereof;

(12) Sales of goods made pursuant to bona fide written contracts entered into before the date of the approval of this Act, or the purchase

price of any building supplies, fixtures or equipment that enter into or become a part of building or other kind of structure in this state, where plans, specifications and construction contract for a specific project has been entered into prior to the date of approval of this Act, provided delivery is made within ninety days.

Section 4. A new section of the Kentucky Revised Statutes is created to read as follows:

There is hereby levied and imposed, in addition to all other taxes of every kind now imposed by law, a privilege or license tax upon every person who engages in the business of selling tangible personal property at retail in this state, or who rents or furnishes any of the things or services taxable under this Act, or who stores for use or consumption in this state any item or article of tangible personal property as defined herein or who leases or rents such property within this state, the same to be collected in the amount to be determined by the application of the following rates against gross sales:

(1) At the rate of three percent of the sales price of each item or article of tangible personal property when sold at retail in this state the tax to be computed on gross sales for the purpose of remitting the amount of tax due the state, and to include each and every retail sale or amount of taxes collected whichever be the greater.

(2) At the rate of three percent of the cost price of each item or article of tangible personal property when the same is not sold but is used, consumed, distributed, or stored for use or consumption in this state; provided there shall be no duplication of the tax.

(3) At the rate of three percent of the gross proceeds derived from the lease or rental of tangible personal property, as defined herein, except the rental of motion picture films, where the lease or rental of such property is an established business, or part of an established business, or the same is incidental or germane to said business.

(4) At the rate of three percent of the monthly lease or rental price paid by lessee or rentee, or contracted or agreed to be paid by lessee or rentee, to the owner of the tangible personal property.

(5) At the rate of three percent of the gross sales of all services taxable under this Act.

Section 5. A new section of the Kentucky Revised Statutes is created to read as follows:

(1) The tax levied under Section 4 shall be collectible as of the moment of purchase or sale, as the case may be, from all dealers.

(2) The tax shall be collected from the dealer and paid at the time and in the manner as hereinafter provided. Provided, however, that any person engaging or continuing in business as a retailer and wholesaler or jobber shall pay the tax required on the gross proceeds of retail sales of such business at the rates specified, when proper books are kept showing separately the gross proceeds of sales for each business. If such records are not kept separately, the tax shall be paid as a retailer or dealer on the gross sales of the business.

Section 6. A new section of the Kentucky Revised Statutes is created to read as follows:

(1) On all tangible personal property imported, or caused to be imported from other states or foreign country, and used by him, the "dealer" shall pay the tax imposed by this Act on all articles of tangible personal property so imported and used, the same as if the said articles had been sold at retail for use or consumption in this state. For the purposes of this Act, the use, or consumption, or distribution, or storage to be used or consumed in this state of tangible personal property shall each be equivalent to a sale at retail, and the tax shall thereupon be immediately levied and collected in the manner provided herein, provided there shall be no duplication of the tax in any event.

(2) It is not the intention of this Act to levy a tax upon articles of tangible personal property imported into this state or produced or manufactured in this state for export, the repairing or storage of such property in the state for use in another state, nor is it the intention of this Act to levy a tax on bona fide interstate commerce.

(3) It is, however, the intention of this Act to levy a tax on the sale at retail, the use, the consumption, the distribution, and the storage to be used or consumed in this state of tangible personal property after it has come to rest in this state and has become a part of the mass of property in this state.

Section 7. A new section of the Kentucky Revised Statutes is created to read as follows:

(1) All gross sales of a retailer are subject to the tax until the contrary is established. The burden of proving that a sale of tangible personal property is not a sale at retail is upon the person who makes the sale unless he takes from the purchaser a certificate to the effect that the property is purchased for resale.

(2) The certificate relieves the seller from the burden of proof only if taken in good faith from a person who is engaged in the business of selling tangible personal property and who holds the permit provided for in this Act and who, at the time of purchasing the tangible personal property, intends to sell it in the regular course of business or is unable to ascertain at the time of purchase whether the property will be sold or will be used for some other purpose.

(3) The certificate shall be signed by and bear the name and address of the purchaser, shall indicate the number of the permit issued to the purchaser, and shall indicate the general character of the tangible personal property sold by the purchaser in the regular course of business. The certificate shall be substantially in such form as the department may prescribe.

(4) If a purchaser who gives a certificate makes any use of the property other than retention, demonstration, or display while holding it for sale in the regular course of business, the use shall be deemed a retail sale by the purchaser as of the time the property is first used by him, and the cost of the property to him shall be deemed the gross

receipts from such retail sale. If the sole use of the property other than retention, demonstration, or display in the regular course of business is the rental of the property while holding it for sale, the purchaser may elect to include in his gross receipts the amount of the rental charged rather than the cost of the property to him.

(5) If a purchaser gives a certificate with respect to the purchase of fungible goods and thereafter commingles these goods with other fungible goods not so purchased but of such similarity that the identity of the constitutent goods in the commingled mass cannot be determined, sales from the mass of commingled goods shall be deemed to be sales of the goods so purchased until a quantity of commingled goods equal to the quantity of purchased goods so commingled has been sold.

Section 8. A new section of the Kentucky Revised Statutes is created to read as follows:

(1) The provision of this Act shall not apply in respect to the use or consumption, or distribution, or storage of tangible personal property for use or consumption in this state upon which a like tax equal to or greater than the amount imposed by this Act has been paid in another state, the proof of payment of such tax to be according to rules and regulations made by the Department. If the amount of tax paid in another state is not equal to or greater than the amount of tax imposed by this Act, then the dealer shall pay to the department an amount sufficient to make the tax paid in the other state and in this state equal to the amount imposed by this Act.

(2) The "use tax" shall not apply to tangible personal property owned or acquired in this state, or imported into this state, or held or stored in this state prior to the effective date of this Act. But, the "use tax" will apply to all tangible personal property imported or caused to be imported into this state on or after the effective date of this Act, unless said property has previously borne a sales or use tax in another state equal to or greater than the tax imposed by this Act.

Section 9. A new section of the Kentucky Revised Statutes is created to read as follows:

(1) The privilege tax herein levied, measured by retail sales shall be collected by the dealer from the purchaser or consumer. It is the purpose and intent of this Act that the tax imposed hereunder is, in fact, a levy on the retailer or dealer for the privilege of making retail sales or furnishing services within this state, the tax to be collected by the retailer or dealer from the purchaser or consumer of the tangible personal property or services described in this Act at the time the sale is made or the service rendered.

(2) Dealers shall, as far as practicable, add the amounts of the tax imposed under this Act to the sales price or charge, which shall be a debt from the purchaser or consumer to the dealer, until paid, and shall be recoverable at law in the same manner as other debts. Any

dealer who shall neglect, fail, or refuse to collect the tax herein provided, upon any, every, and all retail sales made by him, or his agents, or employes, of tangible personal property which is subject to the tax imposed by this Act, shall be liable for and pay the tax himself.

(3) When the tax collected for any period is in excess of three percent the total tax collected must be paid over to the department less the compensation to be allowed the dealer as hereinafter set forth. This provision shall be construed with other provisions of this Act and give effect so as to result in the payment to the department of the total tax collected if in excess of three percent.

Section 10. A new section of the Kentucky Revised Statutes is created to read as follows:

(1) The "use tax" as defined herein shall not apply to livestock and livestock products, to poultry and poultry products, to farm, and agricultural products, when produced by the farmer and used by him and the members of his family.

(2) Provided, however, that each and every agricultural commodity sold by any person, other than a producer, to any other person, who purchases not for direct consumption but for the purpose of acquiring raw products for use or for sale in the process of preparing, finishing, or manufacturing such agricultural commodity for the ultimate retail consumer trade shall be and is exempted from the provisions of this Act, including payment of the tax applicable to the sale, storage, use, transfer, or any other utilization or handling thereof, except when such agricultural commodity is actually sold as a marketable or finished product to the ultimate consumer, and in no case shall more than one tax be enacted.

(3) The term "agricultural commodity", for the purposes hereof, shall mean horticultural, poultry, and farm products, and livestock and livestock products.

Section 11. A new section of the Kentucky Revised Statutes is created to read as follows:

Where used articles are taken in trade, or a series of trades as a credit or part payment on the sale of new and used articles, the tax levied by this Act shall be paid on the net difference of the new or used articles less the credit for the used article.

Section 12. A new section of the Kentucky Revised Statutes is created to read as follows:

Any person taxable under this Act having both cash and credit sales may report such sales on either the cash or accrual basis of accounting, and each such person taxable hereunder shall make such election on the first return filed hereunder. Such election once made shall be irrevocable except that the department may grant written permission to any such taxpayer upon written application therefor to change from one basis to the other under rules and regulations to be

promulgated from time to time by the department. Any person reporting as herein provided on a cash basis of accounting shall in each report include all cash sales made during the period covered by any such report and also collections made in any such period on credit sales of prior periods, but not including credit sales made prior to the effective date of this Act, and pay the tax thereon at the time of filing any such report. Any person reporting as herein provided on the accrual basis of accounting shall be allowed a deduction for bad debts under rules and regulations of the department on the same basis that bad debts are allowed as a deduction on state income tax returns.

Section 13. A new section of the Kentucky Revised Statutes is created to read as follows:

(1) If any dealer liable for any tax, interest or penalty levied hereunder shall sell out his business or stock of goods, or shall quit the business, he shall make a final return and payment within fifteen days after the date of selling or quitting the business. His successor, successors, or assigns, if any, shall withhold sufficient of the purchase money to cover the amount of such taxes, interest, and penalties due and unpaid until such former owner shall produce a receipt from the department showing that they have been paid, or a certificate stating that no taxes, interest, or penalties are due. If the purchaser of a business or stock of goods shall fail to withhold the purchase money as above provided, he shall be personally liable for the payment of the taxes, interest, and penalties accruing and unpaid on account of the operation of the business by any former owner, owners, or assigns.

(2) In the event any dealer is delinquent in the payment of the tax herein provided for the department may give notice of the amount of such delinquency by registered mail to all persons having in their possessions or under their control any credits or other personal property belonging to such dealer, or owing any debts to such dealer at the time of receipt by them of such notice, and thereafter any person so notified shall neither transfer or make any other disposition of such credits, other personal property, or debts, until the department shall have consented to a transfer or disposition, or until thirty days shall have elapsed from and after the receipt of such notice. All persons so notified must, within five days after receipt of such notice, advise the department of any and all such credits, other personal property, or debts, in their possession, under their control, or owing by them, as the case may be.

Section 14. A new section of the Kentucky Revised Statutes is created to read as follows:

It is hereby declared to be the intention of this Act to impose a tax on the gross proceeds of all leases and rentals of tangible personal property in this state where the lease or rental is a part of the regularly established business, or the same is incidental or germane thereto.

Section 15. A new section of the Kentucky Revised Statutes is created to read as follows:

As compensation for accounting and remitting the tax levied by this Act, each dealer shall be allowed one percent of the amount of tax due and accounted for and remitted to the department in the form of a deduction in submitting his report and paying the amount due by him; provided the amount due was not delinquent at the time of payment.

Section 16. A new section of the Kentucky Revised Statutes is created to read as follows:

(1) Every dealer shall on or before the last day of the month following the end of the preceding quarter, report on forms to be prescribed by the department his gross sales or purchases, as the case may be arising from taxable sales or purchases made during such preceding quarter.

(2) Gross proceeds from rentals or leases of tangible personal property shall be reported and the tax shall be paid with respect thereto in accordance with such rules and regulations as the department may prescribe.

(3) The department for good cause may extend for not to exceed thirty days the time for making any returns required under the provisions of this Act.

Section 17. A new section of the Kentucky Revised Statutes is created to read as follows:

(1) In the event any dealer fails to make a report and pay the tax as provided by this Act, or in case any dealer makes a grossly incorrect report, or a report that is false or fraudulent it shall be the duty of the department to make an estimate for the taxable period of retail sales of such dealer, or of the gross proceeds from rentals or leases of tangible personal property by the dealer, and an estimate of the cost price of all articles of tangible personal property imported by the dealer for use or consumption or distribution or storage to be used or consumed in this state and assess and collect the tax and interest, plus penalty, if such have accrued, on the basis of such assessment, which shall be considered prima facie correct, and the burden to show the contrary shall rest upon the dealer.

(2) It shall be the duty of every dealer required to make a report and pay any tax under this Act, to keep and preserve suitable records of the sales or purchases, as the case may be, taxable under this Act, and such other books of account as may be necessary to determine the amount of tax due hereunder, and other information as may be required by the department and it shall be the duty of every such dealer, moreover, to keep and preserve, for a period of two years, all invoices and other records of goods, wares and merchandise, or other subjects of taxation under this Act and all such books, invoices, and other records shall be open to examination at all reasonable hours to the department or any of its duly authorized agents.

(3) In the event the dealer has imported the tangible personal property and he fails to produce an invoice showing the cost price of the articles as defined in this Act, which are subject to tax, or the invoice does not reflect the true or actual cost price, as defined herein, then the department shall ascertain, in any manner feasible, the true cost price, and assess and collect the tax with interest plus penalties, if such have accrued on the true cost price as assessed by him. The assessment so made shall be considered prima facie correct, and the duty shall be on the dealer to show the contrary.

Section 18. A new section of the Kentucky Revised Statutes is created to read as follows:

All wholesale dealers and jobbers in this state are hereby required to keep a record of all sales of tangible personal property made in this state, whether such sales be for cash or on terms of credit. The record required to be kept by all wholesale dealers and jobbers shall contain and include the name and address of the purchaser, the date of the purchase, the article purchased, and the price at which the article is sold to the purchaser. These records shall be kept for a period of three years and shall be open to inspection by the department at all reasonable hours during the day.

Section 19. A new section of the Kentucky Revised Statutes is created to read as follows:

(1) The department is authorized and empowered to examine at all reasonable hours during the day the books, records, and other documents of all transportation companies, agencies, firms, or persons as defined herein that conduct their business by truck, rail, water, airplane, or otherwise, in order to determine what dealers, as provided in this Act, are importing or are otherwise shipping articles or tangible property which are liable for the tax.

(2) Each dealer shall secure, maintain, and keep for a period of three years a complete record of tangible personal property received, used, sold at retail, distributed or stored, leased, or rented within this state, by said dealer together with invoices, bill of lading, and other pertinent records and papers as may be required by the department and all such records shall be open for inspection to the department at all reasonable hours during the day.

Section 20. A new section of the Kentucky Revised Statutes is created to read as follows:

The full amount of tax shown to be due on each quarterly return shall be paid to the department at the time fixed for filing quarterly returns.

Section 21. A new section of the Kentucky Revised Statutes is created to read as follows:

In order to prevent the illegal importation of tangible personal property which is subject to tax in this state, and to strengthen and

make more effective the manner and method of enforcing payment of the tax imposed by this Act, the department is hereby authorized and empowered to put into operation a system of permits whereby any person or dealer as defined in this Act may import tangible personal property by truck, automobile, or other means of transportation other than a common carrier, without having said truck, automobile, or other means of transportation seized and subject to legal proceeding for its forfeiture. The application for such permits shall contain information as the department may require, and such permits may be issued for such periods and upon such conditions as the department may desire. Such permit shall be free of cost to the applicant and may be obtained from the department.

Section 22. A new section of the Kentucky Revised Statutes is created to read as follows:

In the event purchases are returned to the dealer by the purchaser or consumer after the tax imposed by this Act has been collected, or charged to the account of the consumer or user, the dealer shall be entitled to reimbursement of the amount of tax so collected or charged by him, in the manner prescribed by the department and in case the tax has not been remitted by the dealer to the department, the dealer may deduct the same in submitting his return upon receipt of a signed statement of the dealer as to the gross amount of such refunds during the period covered by said signed statement, which period shall not be longer than ninety days. Provided, however, the amount of the tax so reimbursed to the dealer shall not include the tax paid upon any cash retained by the dealer after such return of merchandise.

Section 23. (1) Every person desiring to engage in or conduct business as a seller in this state shall file with the department an application for a "certificate of registration" for each place of business. Every application for a certificate of registration shall be made upon a form prescribed by the department and shall set forth the name under which the applicant transacts or intends to transact business, the location of his place or places of business, and such other information as the department may require.

(2) The department shall grant and issue to each applicant a separate certificate of registration for each place of business within the state. A certificate of registration is not assignable and is valid only for the person in whose name it is issued and for the transaction of business at the place designated therein. It shall be at all times conspiculously displayed at the place for which issued.

(3) A seller whose certificate of registration has been previously suspended or revoked, shall pay the department a fee of one dollar for the renewal or issuance of a certificate of registration.

(4) Whenever any person fails to comply with any provisions of this Act or any rule or regulation of the department relating thereto, the department upon hearing after giving the person ten days' notice

in writing, specifying the time and place of hearing and requiring him to show cause why his certificate of registration should not be revoked, may revoke or suspend any one or more of the certificates of registration held by the person. The notice may be served personally or by registered mail directed to the last known address of the person.

Section 24. A new section of the Kentucky Revised Statutes is created to read as follows:

(1) The department shall have the power to make and publish reasonable rules and regulations for the enforcement of the provisions of this Act and the collection of revenues hereunder.

(2) The cost of preparing and distributing the reports, forms and material needed for the collection of said tax and the inspection and enforcement duties required herein shall be borne from the general appropriations to the department.

(3) The department shall administer and enforce the assessment and collection of the taxes and penalties imposed by this Act and shall prepare suitable brackets of prices for the collection of the tax imposed, provided the bracketing shall begin at sixteen cents.

(4) Federal excise taxes shall be excluded by the Commissioner in collecting the tax imposed on the sale price of any items or commodity or value admission or services. The use of tokens is forbidden and prohibited.

(5) The Commissioner is hereby granted the power and authority to employ all necessary personnel and to purchase such supplies and equipment as may be necessary and incur any other necessary expenses as are proper for the enforcement and administration of this Act.

Section 25. A new section of the Kentucky Revised Statutes is created to read as follows:

(1) When any dealer shall fail to make any return and pay the full amount of the tax required by this Act there shall be imposed, in addition to other penalties provided herein, a specific penalty to be added to the tax in the amount of five percent, if the failure is for not more than thirty days with an additional five percent for each additional thirty days, or fraction thereof, during which the failure continues, not to exceed twenty-five percent in the aggregate. In the case of a false or fraudulent return, where wilful intent exists to defraud the state of any tax due under this Act, a specific penalty of fifty percent of the tax bill shall be assessed.

(2) When any dealer fails to remit the tax, or any portion thereof, on or before the day when such tax shall be required by law to be paid, there shall be added to the amount due interest at the rate of six percent per annum from the date due until paid.

(3) All penalties and interest imposed by this Act shall be payable and collectible by the department in the same manner is if they were a part of the tax imposed.

(4) Any dealer who shall fail, neglect, or refuse to collect the

tax herein provided, either by himself or through his agents or employes, shall, in addition to the penalty of being liable for and paying the tax himself, be guilty of a misdemeanor, and upon conviction shall be punished by a fine of not more than one hundred dollars or imprisonment in the county jail for not more than three months, or both.

(5) A person engaged in any business taxable under this Act shall not advertise or hold out to the public, in any manner, directly or indirectly that he will absorb all or any part of the tax, or that he will relieve the purchaser of the payment of all or any part of the tax. A person who violates this provision with respect to advertising shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not less than twenty-five dollars, nor more than two hundred fifty dollars, or imprisonment in the county jail for not exceeding three months, or both.

(6) Any person who violates any provision of this Act for which violation no specific penalty is provided shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined not more than one hundred dollars or imprisoned in the county jail for not more than three months, or both.

Section 26. Section 141.020 of the Kentucky Revised Statutes is amended to read as follows:

(1) An annual tax shall be paid for each taxable year by every resident individual of this state, upon his entire net income as defined in this chapter for purposes of taxation, at the following rates, less the tax credits as authorized by KRS 141.060:

(a) Two percent of the amount of net income not exceeding three thousand dollars;

(b) Three percent of the amount of net income in excess of three thousand dollars but not in excess of four thousand dollars;

(c) Four percent of the amount of net income in excess of four thousand dollars but not in excess of five thousand dollars;

(d) Five percent of the amount of net income in excess of five thousand dollars but not in excess of eight thousand dollars;

(e) Six percent of the amount of net income in excess of eight thousand dollars.

(2) An annual tax shall be paid for each taxable year at the rates specified in subsection (1) of this section upon the entire net income, except as herein provided, from all tangible property located in this state, from all intangible property that has acquired a business situs in this state, and from business, trade, profession, occupation or other activities carried on in this state, by natural persons not residents of this state. A nonresident individual shall be taxable only upon the amount of income received by him from labor performed, business done or from other activities in this state, from tangible property located in this state, and from intangible property that has acquired a business situs within this state. The remainder of the income received by him shall be deemed nontaxable by this state.

(3) Subject to the provisions of KRS 141.081 and KRS 141.082, any individual may elect to pay the tax imposed by KRS 141.025 in lieu of the tax levied under this section.

Section 27. Section 141.060 of the Kentucky Revised Statutes is amended to read as follows:

(1) The taxes due, as computed under the provisions of KRS 141.020 or under the provisions of KRS 141.025, shall be credited with the following amounts:

(a) Forty dollars in the case of an unmarried individual;

(b) Eighty dollars in the case of a married individual or in the case of a head of a household. If such husband and wife make separate returns, the tax credit allowed by this subparagraph may be taken by either or divided between them. The determination of the marital status for purposes of the credits allowed under this section shall be made in the manner prescribed in Section 25 (b) (2) of the Internal Revenue Code;

(c) Twenty dollars for each dependent other than the first dependent of a head of a household;

(d) An additional twenty dollars credit if the taxpayer has attained the age of sixty-five before the close of the taxable year;

(e) An additional twenty dollars credit if the taxpayer's spouse has attained the age of sixty-five before the close of the taxable year and a joint return is filed;

(f) An additional twenty dollars credit if the taxpayer is blind at the close of the taxable year;

(g) An additional twenty dollars credit if the taxpayer's spouse is blind at the close of the taxable year and a joint return is filed.

(2) In the case of nonresidents, the tax credits allowable under subsection (1) of this section shall be that proportion of those permitted therein that is represented by the ratio of the taxpayer's net income in this state to his total net income from all sources; or, if the taxpayer elects to pay the tax under KRS 141.025, as represented by the ratio of the taxpayer's adjusted gross income in this state to his total adjusted gross income.

(3) In the case of a fiduciary, other than an estate, the taxes due as computed under KRS 141.020 and KRS 141.030, shall be credited with four dollars.

(4) In the case of an estate, the taxes due as computed under KRS 141.020 and KRS 141.030, shall be credited with twenty-four dollars.

Section 28. Section 141.180 of the Kentucky Revised Statutes is amended to read as follows:

(1) Every individual having for the taxable year a net income of two thousand dollars or over or a gross income of twenty-five hundred dollars or over, if single, or if married and not living with husband or wife and every married individual living with husband or wife whose

net income combined with the net income of his or her spouse exceeds thirty-six hundred dollars, or whose gross income combined with the gross income of his or her spouse exceeds forty-five hundred dollars, shall make to the Department of Revenue a return stating specifically the items which he claims as deductions and tax credits allowed by this chapter. If the individual is unable to make his own return, the return shall be made by a duly authorized agent.

(2) A husband and wife not living together shall make separate returns. A husband and wife living together may make a joint return, or may make separate returns.

(3) An optional return properly filed under the provisions of KRS 141.025 shall be deemed sufficient to satisfy the provisions of this section.

(4) Each individual return shall be verified by a written declaration that it is made under the penalties of perjury.

Section 29. Section 141.360 of the Kentucky Revised Statutes is amended to read as follows:

The department shall prepare necessary tables required by KRS 141.310 and 141.315 which will assist employers in computing taxes to be withheld from employes as provided for in those sections. Such tables shall take due consideration of tax rates and of tax credits as provided for in KRS 141.020 and 141.060.

Section 30. Sections 26 through 29 shall be applicable to all taxable years beginning on or after January 1, 1956.

The Speaker ruled the amendment was not in proper form; later reversed this ruling and ruled that the amendment was in proper form.

Representative Davidson moved the adoption of Amendment No. 1 to Amendment No. 1 to **HB 1,** as follows:

Amend printed copy of first amendment to **HB 1** on page 5, section 3, line 5: Strike out all of line 5.

The Speaker ruled that Amendment No. 1 to Amendment No. 1 to **HB 1** was not in proper form.

Representative Davidson withdrew Amendment No. 1 to Amendment No. 1 to **HB 1.**

Representative Day moved the adoption of Amendment No. 2 to Amendment No. 1 to **HB 1,** as follows:

Amend printed copy of amendment No. 1 to **HB 1** by adding at the end of the last page a new section:

Section 31: There is hereby appropriated to the Department of Revenue out of the General Expenditure Fund for the fiscal year beginning July 1, 1956, and ending June 30, 1957, the sum of six hundred thousand dollars and for the fiscal year beginning July 1, 1957, and ending June 30, 1958, the sum of five hundred thousand dollars; such sums to be used for ordinary recurring expenses of administering this Act for end of said respective years.

On roll call, the vote was yeas 50—Bates, Beshear, Billington, Blan-

kenship, Burnley, Bush, Carter, Casey, Conrad, Cottengim, Davidson, Davis, Day, Dunsil, Embry, Everett, Farmer, Flanery, Greene, Grigsby, Gullette, Harris, Hill, Hilton, Holsclaw, C. S. Howard, Isler, Johnson, Kubale, Melton, Morgan, Newsom, Nunnelley, Qualls, Ratcliffe, Rayburn, V. Reed, H. V. Reid, Reynolds, Sloan, Stith, Thomas, Thompson, Tinsley, Walsh, Wathen, Weintraub, Williamson, Wilson, Young. Nays 37—Anderson, Barnum, Baumgardner, Blue, Breathitt, Breckinridge, Bridgers, Caudill, Freeman, Gay, Griffin, Hadden, Hahn, Hawkins, Heskamp, Heyburn, Hinkle, Hislope, D. W. Howard, Lambert, Mackey, Martin, McCallum, McFadden, McKinney, Miller, Mullins, Murphy, Nunn, Ockerman, Parrish, Peace, Pollitte, Ray, R. Reid, Sr., Saylor, Searcy.

Amendment No. 2 to Amendment No. 1 to **HB 1** was adopted.

On roll call, the vote was yeas 30—Anderson, Breathitt, Breckinridge, Bridgers, Caudill, Freeman, Gay, Griffin, Hadden, Hahn, Heskamp, Heyburn, Hinkle, Hislope, D. W. Howard, Lambert, Mackey, Martin, McCallum, McFadden, McKinney, Mullins, Nunn, Parrish, Pollitte, Ray, R. Reid, Sr., Saylor, Searcy, Young. Nays 57—Barnum, Bates, Baumgardner, Beshear, Billington, Blankenship, Blue, Buchanan, Burnley, Bush, Carter, Casey, Conrad, Cottengim, Davidson, Davis, Day, Dunsil, Embry, Everett, Farmer, Flanery, Greene, Grigsby, Gullette, Harris, Hill, Hilton, Holsclaw, C. S. Howard, Isler, Johnson, Kubale, Lowman, Melton, Miller, Morgan, Murphy, Newsom, Nunnelley, Qualls, Ratcliffe, Rayburn, V. Reed, H. V. Reid, Sloan, Stith, Tanner, Thomas, Thompson, Tinsley, Walsh, Wathen, Weintraub, L. B. Wells, Williamson, Wirsch.

Amendment No. 1 to **HB 1** as amended by Amendment No. 2 to Amendment No. 1 to **HB 1** was lost.

Representative Morgan moved the passage of **HB 1.** Agreed.

On roll call, the vote was yeas 63—Bates, Beshear, Billington, Blankenship, Buchanan, Burnley, Bush, Carter, Casey, Caudill, Conrad, Cottengim, Davidson, Davis, Day, Dunsil, Embry, Everett, Fitzpatrick, Flanery, Gay, Greene, Grigsby, Grundy, Gullette, Hahn, Harris Hawkins, Heskamp, Hill, Hilton, Hinkle, C. S. Howard, Johnson, Kubale, Mackey, Martin, McKinney, Morgan, Mullins, Newsom, Nunn, Nunnelley, Peace, Qualls, Ratcliffe, V. Reed, H. V. Reid, R. Reid, Sr., Reynolds, Searcy, Sloan, Stith, Thomas, Thompson, Tinsley, Wathen, Weintraub, L. B. Wells, Williamson, Wilson, Wirsch, Young. Nays 26—Barnum, Baumgardner, Blue, Breathitt, Bridgers, Freeman, Griffin, Hadden, Heyburn, Hislope, Holsclaw, D. W. Howard, Isler, Lambert, McCallum, McFadden, Miller, Murphy, Ockerman, Parrish, Ray, Rayburn, Saylor, Tanner, Walsh, A. W. Wells.

HB 1 was passed and the title agreed to.

Representative Morgan moved that the vote by which **HB 1** was passed be reconsidered and said motion be laid on the table. Agreed.

Senate Message

Senate message announcing the passage of **SR 10.** Ordered that **SR 10** be referred.

Representative Morgan moved that the rules be suspended for a Committee Report. Agreed.

Report of Committee

Committee on Rules reported **HB 6, HB 23, HB 24, HB 38,** and **HB 39** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

HB 6: AN ACT amending KRS 341.490 and KRS 341.510.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. Section 341.490 of the Kentucky Revised Statutes is amended to read as follows:

Unemployment Insurance Fund, establishment and control. (1) There shall be a special fund known as the Unemployment Insurance Fund which shall be administered separate and apart from all public money or funds of this state. This fund shall consist of:

(a) All contributions and money collected under this chapter, except those imposed under KRS 341.290 and fines, penalties, and interest on delinquent contributions collected under KRS 341.300;

(b) Interest earned upon any money in the fund;

(c) Any property or securities acquired through the use of money belonging to the fund;

(d) All earnings of such property or securities;

(e) All money received from the Federal Unemployment Account in the Unemployment Trust Fund in accordance with Title XII of the Social Security Act as amended; and

(f) All money credited to the account of this state in the Unemployment Trust Fund in accordance with Section 903 of the Social Security Act as amended.

(2) Subject to the provisions of this Act, the Commissioner may have full power, authority and jurisdiction over the fund, including all money and property or securities belonging thereto, and may perform any act necessary or convenient in the administration thereof consistent with this Act.

Section 2. Section 341.510 of the Kentucky Revised Statutes is amended to read as follows:

Withdrawals from trust fund. (1) Except such money as has been credited to the account of this state in the Unemployment Trust Fund under the provisions of Section 903 of the Social Security Act as amended, and appropriated by legislative action authorized thereunder for administrative expenses, money shall be requisitioned from the state's account in the Unemployment Trust Fund solely for the pay-

ment of benefits and in accordance with regulations prescribed by the Commission. The Commissioner, through the State Treasurer acting as his fiscal agent, shall from time to time requisition from the Unemployment Trust Fund such amounts not exceeding the amounts standing to this state's accounts therein, as he considers necessary for the payment of benefits for a reasonable future period.

(2) Upon receipt thereof the treasurer shall deposit such money in the benefit account and shall issue his vouchers for the payment of benefits solely from such benefit account. Expenditures of such money in the benefit account shall not be subject to any provisions of law requiring specific appropriations or other formal release by state officers of money in their custody. All vouchers issued by the treasurer for the payment of benefits and refunds shall bear the signature of the treasurer and the approval in writing of the Commissioner of Finance.

(3) Any balance of money requisitioned from the Unemployment Trust Fund that remains unclaimed or unpaid in the benefit account after the expiration of the period for which such sums were requisitioned shall either be deducted from estimates for, and may be utilized for the payment of benefits during succeeding periods, or, in the discretion of the Commissioner, shall be redeposited with the Secretary of the Federal Treasury to the credit of this state's account in the Unemployment Trust Fund, as provided in KRS 341.500.

HB 23: AN ACT concerning escheats.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. Section 393.010 of the Kentucky Revised Statutes is hereby amended to read as follows:

(1) As used in this chapter, unless the context requires otherwise:

(a) "Claim" means to demand payment or surrender of property from the person whose duty it is to pay the claimant, or surrender to him the property involved;

(b) "Commissioner" means the Commissioner of Revenue;

(c) "Department" means the Department of Revenue; and

(d) "Person" means any individual, state or national bank, federal instrumentality, partnership, joint stock company, business, trust, association, corporation, or other form of business enterprise, including a receiver, trustee or liquidating agent.

(2) This chapter does not apply to bonds of counties, cities, school districts or other tax-levying subdivisions of this state.

Section 2. Section 393.110 of the Kentucky Revised Statutes is amended to read as follows:

(1) It shall be the duty of all state and national banks, federal instrumentalities other than Federal courts, trust companies, or other persons, and courts of this Commonwealth or the agents thereof, whether holding estates or property as bailee, depository, debtor,

trustee, executor, liquidator, administrator, distributor, receiver or in any other capacity coming within the purview of KRS 393.060 to 393.110, to report annually to the department as of July 1, all property held by them declared by this chapter to be presumed abandoned. The report shall be filed in the office of the department on or before September 1 of each year for the proceeding July 1, and shall give the name of the owner, his last known address, the amount and kind of property, and such other information as the department may require for the administration of this chapter. The report shall be made in duplicate; the original shall be retained by the department, and the copy shall be mailed to the sheriff of the county where the property is located or held. It shall be the duty of the sheriff to post said copy on the courthouse door or the courthouse bulletin board, and also to publish said copy in at least two issues of a newspaper published in the county seat or, if no newspaper is published in the county seat, then in a newspaper of general circulation in the county. The list shall be published within thirty days of its receipt by the sheriff. The cost of the publication shall be paid by the state. The sheriff shall immediately certify in writing to the department the dates when the list was posted and published. The list shall be posted and published as required on or before October 1 of the year when it is made, and such posting and publishing shall be constructive notice to all interested parties and shall be in addition to any other notice provided by statute or existing as matter of law.

(2) Any person who has made a report of any estate or property presumed abandoned, as required by Chapter 393 of the Kentucky Revised Statutes, shall, between November 1 and November 15 of each year, turn over to the Department all property so reported; but if the person making the report or the owner of the property shall certify to the Department by sworn statement that any or all of the statutory conditions necessary to create a presumption of abandonment no longer exist or never did exist or shall certify the existence of any fact or circumstance which has a substantial tendency to rebut such presumption, then, the person reporting or holding the property shall not be required to turn the property over to the Department except on order of court. No person shall be required to surrender any property on a presumption of abandonment to the Department if the period of time provided by any statute of limitation applicable to the owner's right as against the holder has expired unless the court orders him to do so. If a person files an action in court claiming any property which has been reported under the provisions of Chapter 393 of the Kentucky Revised Statutes, the person reporting or holding such property shall be under no duty while any such action is pending to turn the property over to the Department, but shall have the duty of notifying the Department of the pendency of such action.

(3) The person reporting or holding the property or any claimant thereof shall always have the right to a judicial determination of his

rights under Chapter 393 of the Kentucky Revised Statutes and nothing therein shall be construed otherwise; and the Commonwealth may institute an action to recover such property as is presumed abandoned whether it has been reported or not and may include in one complaint all such property within the jurisdiction of the court in which the action is brought provided the property of different persons is set out in separate paragraphs.

Section 3. Section 393.170 of the Kentucky Revised Statutes is amended to read as follows:

Whenever any property escheated under Chapter 393 of the Kentucky Revised Statutes by reason of actual abandonment, or death or presumption of death of the owner without leaving any person entitled to take the legal or equitable title under the laws of this state relating to wills, or descent and distribution, has been deposited with, or in the custody or under the control of, any federal court or other federal instrumentality in and for any district in this state, or in the custody of any depository, clerk or other officer of such court or other federal instrumentality, or has been surrendered by such court or other federal instrumentality, or their officers, to the United States Treasury, the circuit court of any county in which such Federal court sits or such other federal instrumentality is situated shall have jurisdiction to ascertain whether an escheat has occurred, and to enter a judgment of escheat in favor of the state. This section does not authorize a judgment to require Federal courts, then officers, agents or depositories to pay or surrender funds to this state on a presumption of abandonment as provided in KRS 393.060 to 393.110.

Section 4. Section 393.240 of the Kentucky Revised Statutes is amended to read as follows:

(1) If any person has property coming within the purview of KRS 393.020 to 393.050, and also of KRS 393.060 to 393.110, the actions required to be brought by the county attorney and the commissioner may be joined, but joinder is not required, and if separate actions are brought, they shall not be considered as coming within the rule against splitting a cause of action. The county attorney is not charged with the duty of enforcing sections KRS 393.060 to 393.120, 393.150 to 393.170.

(2) The procedure for all actions under Chapter 393 of the Kentucky Revised Statutes shall follow the procedure provided by the Rules of Civil Procedure, unless otherwise provided in this chapter, and such actions shall be tried without a jury unless a jury is required by the Federal or State Constitution.

Section 5. Section 393.230 of the Kentucky Revised Statutes is amended to read as follows:

(1) If any person or the agent of any state court refuses to pay or surrender intangible property to the department as provided in KRS 393.060 to 393.110, an action may be brought on the relation of the

Commissioner to force payment or surrender. All property subject to KRS 393.060 to 393.110 may be listed and included in a single action.

(2) If any intangible property, except deposits paid to the Department by national banks, is presumed abandoned in accordance with KRS 393.060 to 393.120, the commissioner may at any subsequent time institute proceedings to establish conclusively that it was actually abandoned, or that the owner has died and that there is no person entitled to it.

(3) (a) The procedure to adjudicate an escheat of any intangible property presumed abandoned under KRS 393.060 to 393.120, whether such property has been paid over to the department or is in the custody of any other person, or federal court of other federal instrumentality, shall be by a special proceeding brought on behalf of the Commonwealth by and on relation of the Commissioner: (1) filed in the Franklin Circuit Court where the property has been paid to the department, or is in the custody of, or under the control of any person other than a federal court or other federal instrumentality, or (2) in the circuit court where such federal court sits, or other federal instrumentality is situated, that has custody of or control of such property presumed abandoned.

(b) There shall be named as defendants:

(1) All last known owners or claimants of such property as is disclosed by the records of the department or such other person, federal court or other federal instrumentality having custody or control of such property, provided however, that if (1) the particular fund or property does not exceed five hundred dollars, or (2) such last known owner or claimants, with respect to a particular fund or property, exceed ten in number, or (3) the records of the Department, person, federal court or other federal instrumentality fail to disclose the number of owners or claimants with respect to a particular fund or property with a reasonable degree of certainty, they may be designated and described as a class, to wit, as "last known owners or claimants to the fund or property under the control of: (naming the actions and proceedings by their original court titles, or appropriate abbreviations, in court proceedings or naming the fund held by, or to the credit of, a federal instrumentality or naming the person having control of such fund or property)" and

(2) All unknown owners or claimants, who may be designated and described as "unknown owners, or claimants to the fund or property under the control of (naming the actions and proceedings by their original court title, or appropriate abbreviations, in court proceedings or naming the fund held by, or to the credit of, a federal instrumentality or naming the fund or property held by such other person)."

(c) The complaint shall briefly describe the fund or property with respect to which the proceeding is brought, and the nature of the action or proceeding which gave rise to the fund or property. It may include one or more items, as the commissioner may be advised, with-

out prejudice to his right subsequently to commence proceedings relating to other items not included. It shall also set forth the facts from which the court may find, or from which a presumption may arise, that (a) the rightful owner or owners of the fund or property are unknown; or (b) that such property has been abandoned.

(d) Service of the defendants in the action shall be by personal service, constructive service, or publication or any combination of such types of service as the court may direct in the exercise of its sound discretion. The court shall investigate the circumstances of each case and enter an order directing the type of service it deems feasible and reasonable in each case, provided that where there are more than 25 claimants to a particular fund service by summons or warning order shall be presumed unreasonable. Any publication ordered by the court shall list the names and last known address of all known defendants and contain the nature and style of the action, and shall be published at least once each week for four successive weeks in a newspaper of general circulation in the county or state designated in the order as being most likely to give notice to such owners or claimants.

Notice of the filing of the complaint shall be served upon the person having custody or control of such fund or property, or the clerk of the federal court which has control or custody or has authority to make orders for the payment of such fund or property, or upon the local chief administrative officer of any federal instrumentality for the district and also upon the United States Attorney for the district in which said court sits or such other federal instrumentality is situated.

(e) Service by publication shall be complete 50 days after the date of the last advertisement as required by Section D. Any defendant, or any person claiming any property or funds described in the complaint, shall have 30 days after completion of service to appear, and the time for all other proceedings shall be governed by the Rules of Civil Procedure. The answer shall be verified, shall set forth the true name and address of the claimant and shall set forth in full detail the basis of his claim.

(f) On application of the Commissioner the Court shall:

(1) Order the Proceedings with respect to items, or portions thereof, as to which claimants appear, to be severed into one or more separate proceedings, and allow all such proceedings to proceed separately.

(2) Amend the proceedings from time to time in any just and equitable manner.

(g) If the court shall determine that the fund or property, or any part of such fund or property, has escheated, to the state, it shall enter an appropriate judgment upon findings of fact and conclusions of law declaring such fund or property escheated to the state and payable to the State Treasurer through the Commissioner of Revenue. The findings of any one such set of facts shall not be deemed inconsistent with any other such set of facts, and the court may find one

or more such set of facts. If the court shall determine that any funds or property or part thereof had not escheated to the state it shall make separate findings of fact and conclusions of law and shall make a final order dismissing said action with respect thereto with or without prejudice to bringing another action as may be proper.

(h) The commissioner shall take appropriate action to collect and receive such funds or property.

HB 24: AN ACT relating to circuit courts.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. The introductory phrase and subsection (46) of Section 23.050 of the Kentucky Revised Statutes as created by Senate Bill #2, First Extraordinary Session of the 1956 General Assembly, are amended to read as follows:

The regular term of each court shall commence in each county at the following named time, and continue, if business requires it, the number of days hereinafter prescribed:

* * * * *

(46) Breckinridge County at Hardinsburg on the first Monday in January, for thirty juridical days; the first Monday in May, for eighteen juridical days; the fourth Monday in August, for thirty juridical days.

Grayson County at Leitchfield, on the second Monday in February, for thirty juridical days; the fourth Monday in May, for eighteen juridical days; first Monday in October, for thirty juridical days.

Meade County at Brandenburg, on the third Monday in March, for thirty juridical days; the third Monday in June, for eighteen juridical days; the second Monday in November, for thirty juridical days.

Section 2. Whereas, it is necessary that the adjustment of terms of court in the Forty-Sixth Judicial District is made at an early date, an emergency is declared to exist and this Act shall become effective upon passage and approval by the Governor.

HB 38: AN ACT relating to the construction of bridges over boundary line streams between this state and another and the reciprocal exemption thereof from taxes.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 132.205 of the Kentucky Revised Statutes is amended to read as follows:

(1) Any bridge built by an adjoining state, by the government of the United States, or by any commission created by an Act of Congress, over a boundary line stream between this state and an adjoining state, if not operated for a profit, and if connecting with a primary highway of this state, is declared to be public property used for public purposes

and exempt from taxation unless the adjoining state, or other public body constructing such bridge, taxes similar bridges built by this Commonwealth in like manner.

(2) The issuance of bonds for the purpose of amortizing the cost of construction of such bridges as is described in subsection (1) hereof shall not affect the tax exemption granted herein.

HB 39: AN ACT relating to pari-mutuel and other systems of betting and the taxation thereof.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

"Section 1. An excise tax of two percent of the total amount wagered during the year is hereby imposed upon every non-profit and nondividend paying association or corporation operating a running horse track at which betting is conducted through a pari-mutuel or other similar system. A year as used herein shall begin at 12:01 A.M. July 1 and end at 12 midnight June 30. The provisions of KRS 138.515, 138.530, 138.540 and 138.550 shall be applicable to the tax hereby imposed."

Orders of the Day

Representative Morgan moved that **HB 3** be taken from the Orders of the Day and placed on passage. Agreed.

Representative Williamson moved to amend **HB 3** as follows:

Amend printed copy of **HB 3** on page 2, sections 4 and 5, by deleting sections four and five in their entirety. Adopted.

Representative Williamson moved to amend **HB 3** as follows:

Amend printed copy of **HB 3** on page 3, section 6, lines 1 and 2 by striking out the word "record" on line 1, section 6, and the words "the affidavit and" on line 2. Adopted.

HB 3 read at length as amended. Representative Williamson moved the Previous Question. Agreed.

On roll call, the vote was yeas 46—Barnum, Bates, Baumgardner, Beshear, Billington, Blankenship, Bridgers, Buchanan, Burnley, Carter, Casey, Conrad, Cottengim, Davidson, Davis, Dunsil, Embry, Everett, Flanery, Greene, Grigsby, Grundy, Gullette, Hahn, Harris, Heyburn, Hill, Holsclaw, C. S. Howard, Isler, Johnson, Kubale, McFadden, Melton, Miller, Morgan, Murphy, Newsom, Nunnelley, V. Reed, H. V. Reid, Reynolds, Walsh, Wathen, Williamson, Wirsch. Nays 34—Anderson, Blue, Breathitt, Caudill, Freeman, Gay, Griffin, Hadden, Hawkins, Hilton, Hinkle, Hislope, D. W. Howard, Lambert, Lowman, Mackey, Martin, McCallum, McKinney, Mullins, Nunn, Ockerman, Parrish, Peace, Pollitte, Ray, R. Reid, Sr., Saylor, Searcy, Tanner, Thompson, A. W. Wells, L. B. Wells, Young.

HB 3 as amended was passed and the title agreed to.

Representative Morgan moved that the vote by which **HB 3** as amended was passed be reconsidered and said motion be laid on the table. Agreed.

Introduction of Bills

HB 40, by Representative Wathen: AN ACT relating to refund of tax paid on gasoline used in motor boats and other watercraft.

HB 41, by Representative Everett: AN ACT relating to a tax on amusement admission.

Representative Morgan moved to adjourn until 1:00 P.M., April 18, 1956. Agreed.

WEDNESDAY, APRIL 18, 1956

ELEVENTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend H. Glenn Stephens, South Frankfort Presbyterian Church, Frankfort.

The roll was called. All present except Bates, Breathitt, Bush, Cottengim, Davis, Grundy, Gullette, Heskamp, Highland, Lambert, McFadden, Murphy, Newsom, Nunnelley, Parrish, Qualls, John B. Reed, Sloan, Thomas, and Weintraub, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for April 17, 1956, dispensed with and the same approved on motion of Representative Isler.

Introduction of Resolution

HR 11, by Representative Blankenship: A CONCURRENT RESOLUTION memorializing the Congress to enact legislation to provide for a bridge across the Ohio River between Hawesville, Kentucky and Cannelton, Indiana.

WHEREAS, Representatve Denton of the State of Indiana has introduced a bill in the Congress of the United States which, if passed and approved by the President, would assure the construction of a bridge across the Ohio River between Hawesville, Kentucky and Cannelton, Indiana; and

WHEREAS, such bridge would be of immeasurable benefit to industry of the area as well as a great convenience to the people generally; and

WHEREAS, it appears that the proposal outlined in the Denton bill provides the most practical and economical means of financing the cost of construction of such bridge as well as the soundest method of fiscal administration of the completed structure; and

WHEREAS, immediate construction of such bridge appears possible only through favorable action by the Congress on the said Denton bill,

NOW, THEREFORE,

Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky, the Senate concurring therein:

Section 1. That the Congress of the United States act, in the exercise of its broad legislative powers, to provide legislation designed to assure the construction of a bridge across the Ohio River between Hawesville, Kentucky and Cannelton, Indiana.

Section 2. That the Clerk of the House of Representatives cause

copies of this resolution to be transmitted to the President of the Senate of the United States, the Speaker of the House of Representatives of the United States and to each member of the Congress.

Representative Blankenship moved adoption of **HR 11.** Adopted.

Calendar

HB 6, HB 23, HB 24, HB 38, and **HB 39** were taken from the Calendar and read at length for the second time. Ordered placed in the Orders of the Day.

Representative Morgan moved that the House do now recess for 15 minutes for a Rules Committee meeting. Agreed. At the appointed hour, the Speaker resumed the Chair and called the House to order.

Representative Morgan moved that the rules be suspended for a Committee Report. Agreed.

Report of Committee

Committee on Rules reported **HB 19, HB 27** with Committee Amendment, **HB 41, SR 8,** and **SR 10** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

HB 19: AN ACT relating to revenue and taxation.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. KRS 136.120 is hereby amended and re-enacted to read as follows:

(1) Every railway company, sleeping car company, chair car company, dining car company, gas company, water company, ferry company, bridge company, street railway company, inter-urban electric railroad company, express company, electric light company, electric power company, telephone company, bus line company, common carrier trucking company, air transport company, pipe line company, and every other like company or business performing any public service, shall, in addition to the other taxes imposed on it by law, annually pay a tax on its franchise to the state and a local tax theron to the county, incorporated city, town or taxing district wherein its franchise may be exercised.

(2) Whenever any individual or association of individuals not constituting a corporation nor having capital stock engages in the business of any of the corporations mentioned in subsection (1) of this section, the capital and property, or the certificates or other evidence of the rights or interests of the holders thereof in the business or capital and property employed therein, shall be deemed the capital stock of that individual or association for the purpose of taxation and all other purposes under KRS 136.120 to 136.180, in like manner as a corporation.

(3) The property of such taxpayers shall be classified as operating tangible, franchise, non-operating tangible, and non-operating in-

tangibles. Non-operating intangibles within the taxing jurisdiction of the Commonwealth shall be taxable for State purposes only at the same rate as intangible property of other taxpayers not performing public services, and tangible property whether operating or non-operating shall be subject to State and local taxes at the same rate as the tangible property of other taxpayers not performing public services, except as hereinafter provided.

(4) The Department of Revenue shall have sole power to value and assess all of the property, including the franchise, of every corporation, company, association, partnership, or person performing any public service, including those enumerated above and all others to whom this section may apply, whether or not such operating or non-operating tangible or non-operating intangible, or franchise values have heretofore been assessed by said Department, and shall apportion such assessment of franchise as provided by KRS 136.170 and certify tangible property to the counties, cities, towns and taxing districts where said property is situated. Provided, however, that in the case of a taxpayer whose business is predominantly non-franchise and the franchise or public service business in which he is engaged is merely incidental to his principal business, the Department shall in the exercise of its judgment and discretion, determine from evidence which it may have or obtain, what portion of the capital and property is devoted to the public service business subject to assessment by the Department under this subsection, and shall require the remainder of the property not so engaged to be assessed by the local taxing authorities.

(5) The Department of Revenue shall likewise have sole power to value and assess all of the property which hereby is classed as non-franchise, within the taxing jurisdiction of this Commonwealth of (1) every refrigerator car company, tank car company, coal car company and every like car company, and (2) all of the property within the taxing jurisdiction of this Commonwealth of every person, corporation, partnership, or any other business association owning or operating dredging boats, boats used in drilling oil or gas wells, tugs, barges, and other water craft used for transportation and operating in the regular course of business on the navigable waters of this Commonwealth. In determining the proportion of the value of the property or persons named in clause (1) above, within the taxing jurisdiction of Kentucky, the Department shall take into consideration the number of miles travelled within and without Kentucky, by the cars, or other vehicles belonging to the aforementioned taxpayers, if such information is available. In determining the proportion of the value of property of persons named in clause (2) above, within the taxing jurisdiction of Kentucky, the Department shall allocate to Kentucky that proportion of the fair cash value of such property as is represented by the ratio of miles of shore in Kentucky along which such property may operate to the total number of miles of shore both within and without Kentucky along which such property may operate. The Department shall not

certify the assessment of the rolling stock of such companies, to any county, city, town or taxing district but shall apportion and certify the operating tangible property, other than rolling stock or water craft to the counties, cities, towns and taxing districts where such property is located. The rolling stock and water craft of such taxpayers shall be taxable for state purposes only at the rate of Two ($2.00) Dollars upon each One Hundred ($100.00) Dollars of value and shall not be subject to taxation by any county, city, town or other taxing district. This Act and this rate shall be applicable as of December 31, 1955, and thereafter.

Section 2. KRS 136.130 is hereby amended and re-enacted to read as follows:

(1) Every company mentioned in KRS 136.120 shall annually, between December 31 and March 31 following, make and deliver to the Department of Revenue a report verified by its president, cashier, secretary, treasurer, manager or other chief officer or agent, in such form as the Department may prescribe, showing the following facts: The name and principal place of business of the company; the kind of business engaged in; the amount of capital contributed by the owners; the amount of surplus funds and undivided profits; the value of all other assets; the total amount of indebtedness as principal; the amount of gross or net earnings or income, including interest on investments, and income from all other sources for twelve months next preceding December 31 of the year for which the report is required; the amount and kind of tangible property in this state, and where situated, assessed or liable to assessment in this state, and the fair cash value thereof, estimated at the price it would bring at a fair voluntary sale. Provided, however, that rolling stock of interstate carriers and all water craft shall be reported as provided in KRS 136.140.

(2) In addition, if the company is a corporation, it shall report the amount of capital stock, preferred or common, and the number of shares of each; the amount of capital paid-in; the par and real value of the stock; and the highest price at which such stock was sold at a bona fide sale within twelve months next before December 31 of the year for which the report is required to be made.

(3) (a) In addition, if the company is a land carrier operating over regular routes, it shall also report the length of entire lines operated, owned, leased or controlled in this state and in each county, city, and taxing district, and the entire lines operated, owned, leased or controlled in this state and in each county, city, and taxing district, and the entire lines operated, owned, leased or controlled elsewhere.

(3) (b) If the company is a land carrier operating over irregular routes, it shall report the number of car or vehicle miles operated in Kentucky, and the total number of car or vehicle miles operated within and without Kentucky.

(3) (c) If the reporting taxpayer operates boats, barges, tugs or other water craft on the navigable waters of this state, it shall report

the number of shore miles travelled by its craft in Kentucky, and the total number of shore miles travelled within and without Kentucky.

(4) The report shall cover the period of twelve months ending December 31. The Department may change the date of the reports to conform to any change in date established by federal regulations, and may require such additional information regarding the reporting company's operations as may be reasonably necessary to a proper determination of the value of such company's property within the taxing jurisdiction of this Commonwealth.

(5) If any company is in the hands or under the control of a receiver or other person, by order of a court, the receiver or other person shall make the report required by this section and by KRS 136.140.

Section 3. KRS 136.140 is hereby amended and re-enacted to read as follows:

(1) If any taxpayer mentioned in KRS 136.120 (1), whether foreign or domestic, resident or non-resident, operates and conducts its business in other states as well as in this state, the report required by KRS 136.130 shall show the following facts in addition to the other facts required: The gross and net income or earnings received in this state and in other states on business done in this state, and the entire gross receipts of the corporation in this state and elsewhere during the twelve months next before December 31 of the year for which the assessment is required to be made. In cases where any of the facts above required cannot be answered correctly, or will not afford any valuable information in determining the value of the franchise to be taxed, the Department of Revenue may excuse the officer from answering such questions.

(2) A railroad corporation that owns or operates a railroad out of this state shall only be required to return for tangible property assessment such proportion of the entire value of all its rolling stock as the number of miles of its railroad in this state bears to the whole number of miles operated by the corporation in and out of this state.

Section 4. KRS 136.150 is hereby amended and re-enacted to read as follows:

If any taxpayer fails to report as required by KRS 136.130 and 136.140 on or before March 31 of each year, the Department of Revenue shall ascertain the required facts and values in such manner and by such means as it deems proper, at the cost of the taxpayer failing to make the report.

Section 5. KRS 136.160 is hereby amended and re-enacted to read as follows:

(1) From the reports made pursuant to KRS 136.130 and 136.140, and from such other evidence as it may have, the Department of Revenue shall fix the value of the capital stock of the domestic public

service companies, and from the amount thus fixed shall deduct the assessed value of all tangible property assessed in this state. The remainder thus found shall be the value of the franchise subject to taxation, except as provided in subsection (3) of this section and in KRS 136.170.

(2) Except as provided in subsection (3) of this section, the Department shall fix the value of the capital stock in this state of foreign public service companies, by capitalizing the net income derived in this state, or shall fix the entire value of the capital stock of the company by some other method and then fix the value of the capital stock in this state by determining from the amount of the gross receipts of the company the proportion which the gross receipts in this state, within twelve months next before December 31 of the year for which the assessment is made, bears to the entire gross receipts. The value of the capital stock in this state, less the assessed value of the tangible property assessed in this state, shall be the correct value of the franchise of the company for taxation in this state.

(3) (a) If the lines or routes of a domestic or foreign railway company, gas company, water company, ferry company, bridge company, street railway company, express company, electric light company, electric power company, telephone company, telegraph company, press dispatch company, bus line company, common carrier trucking company, air transport company, palace car company, dining car company, sleeping car company, chair car company, pipe line company, or other like company or business performing any public service, extend beyond the limits of the state, that proportion of the value of the capital stock which the length of the lines or route operated, owned, leased or controlled in this state bears to the total length of the lines or route operated, owned, leased, or controlled in this state and elsewhere shall be considered in fixing the value of the corporate franchise of such corporation liable for taxation in this state.

(3) (b) If any of the above-named franchise taxpayers operates on irregular routes, the Department may, in fixing the value of its franchise, consider the number of miles operated in this state, as compared with the total number of miles operated within and without this state. The Department may, however, use any other reasonable method for determining the proportion of taxpayer's franchise which is property attributable to business done in this state and may assess an ad valorem tax thereon.

Section 5. KRS 136.170 is hereby amended and re-enacted to read as follows:

(1) Unless otherwise provided by law, the franchise of every public service company shall be liable to taxation in each county, city or district through or into which the lines owned, operated, leased or controlled by said public service company pass or are operated, in the same proportion that the length of the lines or routes in such county, city, or district bears to the whole length of lines or routes in this state.

(2) If any domestic public service company has all of its owned, operated, leased or controlled lines or routes outside of this state, the Department of Revenue shall fix the value of its entire capital stock as provided in KRS 136.160, and apportion to this state for taxation therein the proper proportion and not less than 1 percent of its capital stock. The amount so apportioned shall be the value of its intangible property, including its franchise, stocks, bonds, securities and choses in action subject to taxation in this state and in the county, city and district where its principal place of business in this state is located.

Section 6. KRS 136.180 is hereby amended and re-enacted to read as follows:

The Department of Revenue shall, immediately after fixing the value of the franchise and other property of a public service company for taxation, notify the company of the valuation, and the amount of assessment for state and local purposes. When the valuation has been finally determined, the Department shall immediately certify to the county clerk of each county in which any portion of the franchise or tangible assessment of the company is liable to local taxation, the amount thereof liable for county, city or district tax. The certificate shall be filed by each county clerk in his office, and by him certified to the proper collection officer of the county, city or taxing district for collection.

Section 7. KRS 136.181, 136.182, 136.183, 136.184, 136.185, 136.186, and 136.187 are hereby repealed.

All other laws and parts of laws in conflict herewith, to the extent of such conflict, hereby are repealed.

HB 27: AN ACT relating to Revenue and Taxation.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. Definitions: As used in this Act, unless the context requires otherwise:

(1) "Department" means the Department of Revenue.

(2) "Commissioner" means Commissioner of Revenue.

(3) "Insurance company" means any person engaged as principal in the business of making contracts of insurance; and includes attorneys for or a reciprocal or interinsurance exchange, or a Lloyds organization, or stock, assessment, co-operative, and mutual companies but does not include:

(a) Societies, companies or associations organized under the authority and patronage of any church or religious denomination for the exclusive purpose of insuring the property of churches or religious denominations, and the personal property or lives of the pastors and ministers thereof.

(b) Fraternal benefit societies, hospital service corporations, medical service corporations, or burial associations.

(c) Domestic assessment or co-operative insurance companies organized and operating under Chapter 299 of the Kentucky Revised Statutes; and domestic mutual insurance companies.

(d) Workman's Compensation premiums tax under Chapter 342 of the Kentucky Revised Statutes.

(4) "Person" means any individual, company, association, organization, group, attorneys for or a reciprocal or interinsurance exchange, partnership, business trust, corporation or society.

(5) "Insurance" means any contract whereby one undertakes to indemnify another, or pay a specified amount upon determinable contingencies; and includes but is not limited to fire and allied lines, casualty, surety, fidelity, guaranty, annuity, credit, group, health and accident, hospitalization or title insurance contracts.

(6) "Foreign insurance company" means any insurance company organized under the laws of any other state of the United States or of the laws of the United States or any foreign country.

(7) "Domestic insurance company" means any insurance company organized under the laws of this state.

(8) "Unauthorized insurance company" means any insurance company not authorized to do business in this state.

(9) "Gross premiums" means all amounts charged, paid, received or credited to the company or its representative in consideration for insurance and shall include ordinary premiums, deposits, assessments, policy fees, membership fees, application fees, amounts received for reinsurance on Kentucky risks from unauthorized companies, and every other consideration for or incidental to such insurance, including any charges for services rendered in connection with such insurance.

(10) "Taxable premiums" means gross premiums properly allocable to this state less the deductions properly allocable to this state for:

(a) Returns and refunds made or credited to policyholders on cancelled policies but no deduction shall be allowed for dividends, and

(b) Policies not taken.

Section 2. Effective January 1, 1956 there is hereby levied annually a tax of 2¾ percent on all new and renewable taxable premiums properly allocable to this state of every foreign and domestic insurance company doing insurance business in this state.

Section 3. Effective January 1, 1956 there is hereby levied annually a tax of 2¾ percent on the taxable premium paid by all brokers, agents or persons obtaining insurance, other than life, on property in this state, or covering persons resident in, or other risks in this state from any unauthorized insurance company. Any broker, agent or person who insures with any company not authorized to do business in this state shall be personally liable for the premium tax levied by this section, unless the tax on such insurance is paid by the company. This

section does not apply to surplus line brokers subject to the provisions of KRS 304.586 through 304.596.

Section 4. The Department shall administer this Act and shall have power to prescribe all rules and regulations, procedures and forms necessary for its enforcement. The Department of Revenue shall prescribe the method which will properly and fairly allocate the taxable premiums reasonably attributable to insurance business done in this state.

Section 5. In determining the amount of taxable premiums in this state of any domestic insurance company, all premiums written, procured, or received in this state shall be deemed written on property or risks located or resident in this state except such premiums as are properly allocated to any other state or states and upon which a premium tax has been paid to such other state or states.

Section 6. On or before March 1 of each year every person subject to tax under this Act shall file a report under oath for the preceding calendar year and furnish such information as the Department may require.

Section 7. In the event any insurance company shall dissolve or retire from this state, either voluntarily or involuntarily, during any calendar year, such dissolution or retirement shall not defeat or excuse the filing of reports and assessments and collection of taxes imposed by this Act with respect to premiums during that part of the calendar year prior to such dissolution or retirement from this state. The report shall be filed within 60 days after such dissolution or retirement.

Section 8. All taxes collected under this Act shall be paid into the State General Fund.

Section 9. Any taxpayer aggrieved by any action of the Department of Revenue under this Act may protest such action and appeal to the Kentucky Tax Commission and the Franklin Circuit Court as provided by KRS 131.110, 131.120, and 131.125.

Section 10. (1) If any person subject to the tax under this Act fails or refuses to file a report or furnish any information requested in writing by the Department, the Department may make an estimate of the taxable premiums from any information in its possession, assess the tax at not more than twice the amount estimated to be due and add a penalty of 25 percent of the amount of any deficiency tax assessed concerning such failure or refusal to file a report or furnish any information. This penalty shall be in addition to all other applicable penalties in this section.

(2) If any person subject to tax under this Act fails to make and file the report required by this Act on or before the due date of the report or the due date as extended by the Department, then, unless it

is shown to the satisfaction of the Department that the failure is due to reasonable cause, five percent of the tax found to be due by the Department shall be added to the tax for each thirty days or fraction thereof elapsing between the due date of the report and the date on which filed, but the total penalty shall not exceed twenty-five percent of the tax.

(3) If any part of the deficiency is due to negligence, or intentional disregard of rules and regulations but without intent to defraud, five percent of the total amount of the deficiency, in addition to the deficiency and other penalties provided in this section, shall apply.

(4) If any part of any deficiency is due to fraud with intent to evade tax, fifty percent of the total amount of the deficiency, in addition to the deficiency and other penalties provided in this section, shall apply.

(5) If the tax imposed by this Act, whether assessed by the Department or the taxpayer, is not paid on or before the date prescribed for its payment, there shall be collected, as a part of the tax, interest upon the unpaid amount at the rate of six percent per annum from the date the report was due until payment is actually made to the Department. If any assessment made by the Department is not paid within the time prescribed, or protested in accordance with KRS 131.110, 131.120, and 131.125 the taxpayer shall pay as a penalty, in addition to the amount of the tax and other applicable penalties, one percent of the tax for each month the tax remains unpaid.

(6) Any person subject to tax under this Act who willfully fails to furnish a report or who willfully furnishes a false or fraudulent report or who willfully fails to furnish any information required by the Department or who willfully furnishes a false or fraudulent statement to the Department shall for each such failure be subject to a civil penalty of ten dollars. Such penalty shall be assessed and collected by the Department.

(7) Any penalty imposed by subsection (1), (2), (3), (4), (5) or (6) of this section shall be assessed, collected and paid in the same manner as other taxes.

(8) Every tax imposed by this Act, and all increases, interest and penalties thereon, shall become, from the time it is due and payable, a personal debt to the state from the person liable therefor.

(9) In addition to the penalties herein prescribed, any insurance company, who willfully makes a false return, or who willfully fails to pay taxes owing, with intent to evade payment of the tax, or any part thereof shall upon conviction thereof be fined not less than five hundred dollars nor more than five thousand dollars.

Section 11. Section 136.320 of the Kentucky Revised Statutes is amended to read as follows:

(1) Each domestic life insurance company doing business in this state shall pay to the sheriff of the county in which its principal office is located an annual tax at the rate of fifty cents on each one hundred

dollars of the fair cash value of its outstanding shares of capital stock. This tax shall be an excise, license or occupational tax, for state purposes only, and shall be in lieu of all excise, license, occupational or other taxes imposed by the state, or by any county, city or taxing district in this state, except the premium tax, and except ad valorem taxes on the real property of the company, and except, further, that the county, city and taxing district in which the prinicpal office of the company is located may impose a tax in the same manner and at the same rate as national banks, state banks and trust companies are taxed by the county, city and taxing district pursuant to KRS 136.260.

(2) For the purpose of taxation, the net cash value of, or reserve on, all outstanding policies of domestic life insurance companies doing business in this state shall be deemed the property of the respective policyholders, and shall not be listed for taxation by such companies.

Section 12. Section 299.530 of the Kentucky Revised Statutes is amended to read as follows:

All domestic mutual fire insurance companies referred to in KRS 299.470 or cooperative and assessment fire insurance companies shall, on March 1 of each year file with the Department of Revenue a report showing the taxable premiums contracted for by them in a reinsurance company during the preceding calendar year, and shall pay a tax to the state of 2¾ percent on such taxable premiums paid to any company not authorized to do business in this state.

Section 13. Section 304.465 of the Kentucky Revised Statutes is amended to read as follows:

Each domestic mutual insurer shall, on or before March 1, file with the Department of Revenue each year a report showing the taxable premiums paid by it during the preceding calendar year to all reinsurers, and shall accompany such report with payment to this state of a tax of 2¾ percent of the taxable premiums so paid to insurers not authorized to transact business in this state at the time such reinsurance was so ceded.

Section 14. Section 136.990 of the Kentucky Revised Statutes is amended to read as follows:

(1) Any county clerk who fails to comply with the provisions of subsection (2) KRS 136.020 shall be fined not less than ten dollars nor more than twenty-five dollars.

(2) Any corporation that fails to pay its taxes, penalty and interest as provided in subsection (2) of KRS 136.050, after becoming delinquent, shall be fined fifty dollars for each day the same remains unpaid, to be recovered by indictment or civil action, of which the Franklin Circuit Court shall have jurisdiction.

(3) Any public service corporation, or officer thereof, that willfully fails or refuses to make reports as required by KRS 136.130 and 136.140 shall be fined one thousand dollars, and fifty dollars for each day the reports are not made after March 31 of each year.

(4) Any superintendent of schools or county clerk who fails to report as required by KRS 136.190, or who makes a false report, shall be fined not less than fifty dollars nor more than one hundred dollars for each offense.

Any railroad corporation that fails to furnish reports as required by KRS 136.220 shall be fined not less than five hundred dollars nor more than ten thousand dollars.

(6) Any officer of a railroad corporation who knowingly makes false statements relative to the reports required by KRS 136.220 shall be confined in the penitentiary for not less than one nor more than five years.

(7) Any person who violates any of the provisions of subsection (2) of KRS 136.250 shall be fined not more than one thousand dollars. If the offender is an individual, he may in addition be confined in the county jail for not more than six months, or both so fined and imprisoned. If the offender is a corporation, the principal officer or the officer responsible for the violation, or both such officers, may be punished by such imprisonment. The fine shall be in addition to the penalties provided by subsection (3) of KRS 136.250.

(8) The Director of the Department of Insurance may revoke the authority of any company or its agents to do business in this state should any company fail or refuse to file the report and pay the tax under this Act. The revocation shall be published in some newspaper of this state.

(9) Where no other penalty is mentioned for failing to do an act required, or for doing an act forbidden, by this chapter, the penalty shall be not less than ten dollars nor more than five hundred dollars.

(10) The Franklin Circuit Court shall have jurisdiction of all prosecutions under subsection (9) of this section.

Section 15. KRS 136.330, 136.340, 136.350, 136.360, 136.370, and 136.390 are hereby repealed.

Section 16. Except as otherwise provided herein this Act shall become effective as provided by law.

HB 41: AN ACT relating to a tax on amusement admission.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 138.020 is amended to read as follows:

(1) Except as provided in subsection (4) and (5) of this section, and in KRS 97.130, an excise tax shall be paid on the sale of admission to places of amusement or entertainment at the following rates: Admission charges of fifty cents or less shall not be subject to tax; if the admission charge is in excess of fifty cents and does not exceed fifty eight cents, the rate shall be five cents; if the admission charge is in excess of fifty eight cents and does not exceed one dollar, the rate

shall be five cents plus one cent additional for each ten cents or fractional part therof in excess of fifty eight cents; if the admission charge is in excess of one dollar, the rate shall be ten cents plus one cent additional for each twenty five cents or fractional part thereof in excess of one dollar.

(2) In the case of places of amusement or entertainment at which food or drink is served and professional entertainers are employed, the charge for admission shall be deemed to be twenty-five percent of the total charge made or the amount of the cover charge, if any, whichever is greater.

(3) In the case of all amusements or entertainments, the charge for admission shall be deemed to be the total charge imposed, and if there is a charge for seating or for special facilities within the place of amusement or entertainment, the charge for admission shall be deemed to include both the charge for general admission and the charge for the seating or other special facilities provided.

(4) Nothing in this section shall be construed to impose a tax upon admissions to dramatic or musical productions presented by a civic organization in a park owned by any municipal corporation, if no pecuniary profits result to any member of the organization, and if such pecuniary profits as may result to the organization are used exclusively for civic, municipal, educational, charitable or religious purposes. No admissions shall be tax-free under this subsection unless, prior to the sale thereof, application for exemption is made to the Department of Revenue on forms and in accordance with rules and regulations duly promulgated by it, and unless the department, after being satisfied that such admissions are tax-free, and in accordance with such rules and regulations, issues a certificate of exemption.

(5) (a) Nothing in this section shall be construed to impose a tax upon admissions to athletic contests, plays, concerts or other forms of amusements or entertainment presented by nonprofit civic, fraternal, charitable, musical, social or educational clubs or associations if no professional performers are employed and all profits are used exclusively for civic, charitable, religious or educational purposes within this state. But no nonprofit association, corporation, organization or individual shall be entitled to the exemption granted in this section if any officer, employee, entertainer, member or shareholder shall receive or be entitled to receive, directly or indirectly, any pecuniary profit except reasonable compensation for necessary services actually rendered in the ordinary conduct of business.

(b) If any professional entertainers or performers are employed, all amounts paid for admission are subject to tax unless at least seventy-five percent of the gross proceeds of admissions are used for charitable, religious or educational purposes within this state.

(6) It is the intent of this section to impose the tax once only upon sales of the same services.

SR 8: A CONCURRENT RESOLUTION requesting the Legisla-

tive Research Commission to make or cause to be made a study to determine the feasibility, practicability and necessity of establishing dental clinics and dispensaries for the convenience of dental practitioners and patients.

WHEREAS, there is a critical shortage of dentists in the rural areas of Kentucky, particularly in the eastern section of the state; and

WHEREAS, this shortage is attributable to dentists being unavailable for various reasons, one of which appears to be lack or inadequacy of dental facilities in the rural areas,

NOW, THEREFORE,

Be it resolved by the Senate of the General Assembly of the Commonwealth of Kentucky, the House of Representatives concurring therein:

Section 1. That the Legislative Research Commission is hereby requested to make or cause to be made a study to determine the feasibility, practicability and necessity of establishing dental clinics and dispensaries in strategic locations on or near paved highways, throughout the Commonwealth of Kentucky.

Section 2. That the commission make or cause to be made recommendations with respect to arrangements whereby dentists making use of such facilities would reimburse the Commonwealth, in a nominal amount, for the privilege of such use.

Section 3. That the commission make or cause to be made recommendations as to the location and design of such clinics and dispensaries with emphasis being placed upon relatively inexpensive construction at such localities as would provide the greatest accommodations for patients and afford the least difficulty and hardship upon them in getting to such clinic or dispensary.

Section 4. That the results of such study and the recommendations pursuant thereto be made the subject of a report, said report to be submitted to the General Assembly not later than the 1958 Regular Session.

SR 10: A CONCURRENT RESOLUTION urging the Federal Government to construct post office buildings in Kentucky counties where such facilities are now rented.

WHEREAS, the Federal Government does not own its post office buildings in 56 counties of the Commonwealth of Kentucky but rents them at high rates from private owners; and

WHEREAS, construction of such post offices would be a sound financial investment resulting in more economical conduct of postal operations; and

WHEREAS, construction of post offices in said counties would contribute to municipal modernization, community development and increased employment opportunities; and

WHEREAS, personal income in Kentucky for 1954, the last year for which complete figures are available, declined one percent, while personal income for the United States as a whole rose one percent; and

WHEREAS, in 1954 Kentucky ranked fortieth amoung the states with respect per capital personal income, which was $1216.00 or only 68.7 percent of the national average; and

WHEREAS, large areas of the Commonwealth remain in a state of economic depression because of the national plight of the coal industry; and

WHEREAS, farm income in the Commonwealth declined nearly eight percent in 1955; and

WHEREAS, the number of bankruptcy proceedings in our major metropolitan areas is rising at a dangerous rate; and

WHEREAS, major public works should be constructed at a time when the resulting employment and expenditure will halt dangerous deflationary forces and support the economy;

NOW, THEREFORE,

Be it resolved by the Senate of the Commonwealth of Kentucky, the House of Representatives concurring therein:

Section 1. That the Honorable Dwight D. Eisenhower, President of the United States, and the Honorable Arthur E. Summerfield, Postmaster General of the United States, are urged to survey the advisability and feasibility of the immediate construction of post offices in the following Kentucky counties in which the Federal Government [illegible]s: Adair, Allen, Ballard, Bath, Boone, Bracken, Bullitt, Butler, Carlisle, Carter, Casey, Clay, Clinton, Cumberland, Edmonson, Elliott, Gallatin, Grayson, Green, Greenup, Hancock, Hart, Henry, Hickman, Jackson, Jessamine, Knott, Lee, Leslie, Lewis, Lincoln, Livingston, Lyon, McCreary, McLean, Magoffin, Marshall, Martin, Meade, Menifee, Metcalfe, Monroe, Morgan, Ohio, Oldham, Owen, Owsley, Powell, Robertson, Rockcastle, Russell, Spencer, Todd, Wayne, Webster and Wolfe.

Section 2. That the Chief Clerk of the Senate is directed to forward copies of this resolution, properly attested under the seal of the Commonwealth of Kentucky, to the Honorable Dwight D. Eisenhower, President of the United States; to the Honorable Arthur E. Summerfield, Postmaster General of the United States; and to each member of the Kentucky delegation in the United States Congress.

Orders of the Day

HR 4 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 74—Anderson, Barnum, Bates, Baumgardner, Beshear, Billington, Blankenship, Blue, Breathitt, Breckinridge, Bridgers, Buchanan, Burnley, Bush, Carter, Casey, Caudill, Conrad, Cornett, Cottengim, Davidson, Davis, Day, Dunsil, Everett, Farmer, Flanery, Freeman, Gay, Grigsby, Grundy, Gullette, Hahn, Hawkins, Heyburn, Hill, Hinkle, Hislope, C. S. Howard, D. W. Howard, Isler, Jennings, Johnson, Kubale, Mackey, Martin, McCallum, McKinney, Melton, Miller, Moore, Morgan, Mullins, Newsom, Nunn, Ockerman, Parrish, Peace, Ratcliffe, Ray, Rayburn, V. Reed, H. V. Reid, R. Reid, Sr., Searcy, Stith, Thomas, Walsh, Wathen, A. W. Wells, Williamson, Wilson, Wirsch, Young. Nays 0.

HR 4 passed and the title agreed to.

Representative Morgan moved that the vote by which said resolution was passed be reconsidered and said motion be laid on the table. Agreed.

HR 3 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Burnley moved the Previous Question. Agreed.

HR 3 adopted by voice vote.

HB 9 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 53—Barnum, Bates, Baumgardner, Beshear, Blankenship, Bridgers, Buchanan, Burnley, Carter, Casey, Caudill, Cottengim, Davis, Dunsil, Everett, Flanery, Gay, Greene, Grigsby, Grundy, Harris, Heyburn, Hill, Hislope, C. S. Howard, D. W. Howard, Isler, Jennings, Johnson, Martin, McKinney, Melton, Miller, Moore, Morgan, Mullins, Newsom, Parrish, Peace, Pollitte, Ray, H. V. Reid, R. Reid, Sr., Saylor, Stith, Tanner, Thomas, Thompson, Walsh, Wathen, A. W. Wells, L. B. Wells, Wirsch. Nays 16—Anderson, Bush, Conrad, Cornett, Day, Hadden, Hahn, Hawkins, Hilton, Hinkle, Mackey, Ockerman, Reynolds, Searcy, Wilson, Young.

HB 9 passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

HB 7 taken from the Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 65—Anderson, Barnum, Baumgardner, Beshear, Billington, Blankenship, Blue, Breathitt, Breckinridge, Buchanan, Burnley, Carter, Casey, Caudill, Conrad, Cornett, Cottengim, Davis, Day, Dunsil, Embry, Everett, Farmer, Flanery, Greene, Grigsby, Grundy, Hadden, Hahn, Harris, Heyburn, Hill, Hilton, Hinkle, Hislope, Isler, Jennings, Johnson, Mackey, Martin, McCallum, McKinney, Melton, Moore, Morgan, Mullins, Newsom, Parrish, Ratcliffe, Ray, Rayburn, V. Reed, H. V. Reid, Reynolds, Saylor, Searcy, Stith, Thompson, Walsh, Wathen, A. W. Wells, L. B. Wells, Wilson, Wirsch, Young. Nays 4—Freeman, Lambert, Nunn, Peace.

HB 7 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Morgan moved the House adjourn until 9:30 A.M., April 19, 1956. Agreed.

THURSDAY APRIL 19, 1956

TWELFTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend H. Glenn Stephens, South Frankfort Presbyterian Church, Frankfort.

The roll was called. All present except Anderson, Buchanan, Farmer, Flanery, Lambert, Lowman, McFadden, Murphy, Nunnelley, Qualls, John B. Reed, Sloan, Wathen, and Williamson, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for April 18, 1956, dispensed with and the same approved on motion of Representative Isler.

Representative Morgan moved that motion hour be dispensed with. Agreed.

Report of Committee

Committee on Rules reported **HB 30** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

HB 30: AN ACT relating to revenue and taxation.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section I. Section 132.160 of the Kentucky Revised Statutes is is amended to read as follows:

(1) (a) Taxes on distilled spirits that may be assessed while in a bonded warehouse as of January 1, 1951, and January 1 of each year thereafter, and on which the Federal tax has not been paid, or will not become due before September 15 after the assessment, shall be due on the second day of January, May and September next after the Federal tax becomes due or is paid, or when the spirits are removed from the warehouse for transfer in bond out of this state except as hereinafter provided.

(b) Taxes on distilled spirits that have been assessed while in a bonded warehouse as of September 1, 1948, and September 1, 1949, and on which the Federal tax has not been paid, or will not become due before the second succeeding September 15 after the assessment, shall be due on the second day of January, May, and September next after the Federal tax becomes due or is paid, or when the spirits are removed from the warehouse for transfer in bond out of this state.

(c) Taxes on distilled spirits that have been assessed as of January 1, 1955 shall be due on the second day of January 1957. Taxes on distilled spirits that have been assessed as of January 1, 1956 shall be due on the second day of May 1957.

(d) Any owner or proprietor of a bonded warehouse who fails to pay the taxes and interest on distilled spirits as provided in this subsection within fifteen days after they are due shall be deemed delinquent, and a penalty of eight percent of each year's taxes due on

the spirits shall attach. The officer authorized to collect the taxes shall immediately cause such proceedings to be instituted for the collection of the taxes, with such interest and penalties, as may be provided by law for the collection of other delinquent taxes.

(2) Taxes on distilled spirits, the payment of which is deferred, according to the provisions of subsection (1) and subsection (4) (a), shall bear legal interest from the date on which they would otherwise have become delinquent according to the provisions of KRS 134.020 (3) if they had not been deferred, until paid.

(3) Taxes on distilled spirits that shall be assessed as of January 1, 1957, and January 1 of each year thereafter, shall become due September 15 following the assessment and shall be subject to all of the provisions of KRS 134.020 except that taxes due the State shall be paid direct to the Department of Revenue.

(4) (a) Notwithstanding the provisions of subsection (1) (c) and subsection (3) providing for current payment, the payments of taxes on distilled spirits may be deferred according to the provisions of subsection (1) (a) above upon the finding by the Commissioner of Revenue that undue hardship would result to the taxpayer or warehousemen as the result of the current payment. The findings of the Commissioner shall be based upon a written application made by the owner or the person having custody of such distilled spirits in a bonded warehouse showing that:

(i) The owner of the distilled spirits or the proprietor has insufficent funds with which to pay the taxes when due without reducing his working capital below the amount reasonably required and cannot borrow funds, with which to make such payments, at a rate of interest of 6% or less; or

(ii) It is impracticable for the person having custody of the distilled spirits in a bonded warehouse to compel the owner or owners of the distilled spirits to advance the amount necessary for the payments of the taxes and it would result in hardship to such person having custody to himself to pay the taxes on distilled spirits produced prior to January 1, 1957.

(b) The Commissioner may consider such other information as the owner or warehouseman may submit to show that the current payment of taxes causes an undue hardship, and he may require such additional information as he may deem necessary.

(5) The taxes shall not become due by reason of a mere removal of the spirits from one bonded warehouse to another bonded warehouse within this state, but in that event the owner or proprietor from whose warehouse the spirits are moved shall execute a bond, with good and sufficient surety, conditioned upon the payment of all taxes that have accrued upon the spirits, prior to removal, to the county, city or taxing district from which the spirits are moved. The bond shall be in an amount sufficient to protect the county, city or taxing district and shall be approved by the county judge for the county, the mayor

for the city, the superintendent of any school district involved, and by the person whose duty it is to collect taxes for any other taxing taxing district. Prior to the removal of any spirits the owner or proprietor from whose warehouse they are to be removed shall give written notice of such intention to the county, city or taxing district, addressed to the officer thereof above mention, and stating the quantity of spirits to be moved and the name and address of the warehouse to which they are to be taken. After the spirits are moved, the owner or proprietor shall notify the same officers of the county, city or taxing district of the amount of accrued taxes on the spirits together with interest on the taxes. After any spirits have once been moved as provided in this section and are moved again, all taxes that have accrued thereon up to the time of the second removal shall immediately become due and payable to any county, city or taxing district to which any taxes have accrued.

(6) It is the intent of the General Assembly that the amount of taxes paid under Section (I) (c) of this Act which is in excess of the amount that have been paid prior to the enactment of this act is nonrecurring revenue and shall be expended by the county taxing districts and the school taxing districts for capital outlay.

Section II. Section 132.180 of the Kentucky Revised Statutes is amended to read as follows:

(1) Any person having custody of distilled spirits in a bonded warehouse on the day as of which the assessment is made shall be liable for all taxes due thereon, together with all interest and penalties that may accrue. Any owner, proprietor or custodian of such spirits who pays the taxes, interest and penalties on the spirits shall have a lien thereon for the amount paid, with legal interest from day of payment.

Section III. Section 132.185 of the Kentucky Revised Statutes is hereby repealed.

Section IV. Section 243.680 of the Kentucky Revised Statutes is amended to read as follows:

(1) No person shall manufacture distilled spirits in this state unless he first obtains from the department a permit to engage in the business of manufacturing distilled spirits. At the time of the issuance of the permit he shall pay to the state a tax of five cents for each proof gallon of distilled spirits for which the permit is issued.

(2) (a) No person shall ship or transport or cause to be shipped or transported into the state any distilled spirits from points without the state without first obtaining a permit from the department and paying a tax of five cents on each proof gallon contained in the shipment.

(b) No railroad company or express company shall receive for shipment or ship into this state any package or receptacle containing

distilled spirits unless a copy of the permit, showing that payment of required taxes has been made, accompanies the shipment.

(c) The permit shall be in a form prescribed by the department, and all shipments into the state shall be governed by regulations promulgated by the department.

(d) A railroad or express company need not obtain a permit to transport distilled spirits, but shall be subject to all regulations of the department.

Section V. Section 243.690 of the Kentucky Revised Statutes is amended to read as follows:

(1) No person shall engage in the business of blending, rectifying or mixing distilled spirits, without obtaining from the department a permit to blend, rectify or mix distilled spirits. An excise tax of five cents is imposed for each proof gallon of distilled spirits that has not borne the tax imposed by KRS 243.680 and which is used in said blending, rectifying or mixing.

(2) A person engaging in the business of blending, rectifying or mixing distilled spirits shall report on or before the tenth day of the succeeding month, in such form and stating such facts as may be prescribed by the department, the amount of distilled spirits blended, rectified or mixed during the proceeding month. At the time of making the report, he shall pay the tax due under this section.

Introduction of Bill

HB 42, by Representative Rayburn: AN ACT relating to the labeling of distilled spirits.

Calendar

HB 19, HB 27, and **HB 41** were taken from the Calendar and read at length for the second time. Ordered placed in the Orders of the Day.

Orders of the Day

HB 38 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 73—Barnum, Bates, Baumgardner, Beshear, Billington, Blankenship, Blue, Breathitt, Breckinridge, Bridgers, Burnley, Bush, Carter, Caudill, Conrad, Cornett, Cottengim, Davidson, Davis, Day, Dunsil, Everett, Flanery, Freeman, Gay, Greene, Griffin, Grigsby, Grundy, Gullette, Hadden, Hahn, Heyburn, Hinkle, Hislope, Holsclaw, C. S. Howard, D. W. Howard, Isler, Jennings, Kubale, Mackey, Martin, McFadden, McKinney, Melton, Miller, Moore, Morgan, Mullins, Newsom, Nunn, Ockerman, Parrish, Peace, Pollitte, Ratcliffe, Ray, Rayburn, V. Reed, R. Reid, Sr., Searcy, Stith, Tanner, Thompson, Tinsley, Walsh, Weintraub, A. W. Wells, L. B. Wells, Wilson, Wirsch, Young. Nays 0.

HB 38 passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

HB 24 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 64—Barnum, Bates, Baumgardner, Beshear, Billington, Blankenship, Blue, Breathitt, Breckinridge, Bridgers, Burnley, Bush, Carter, Casey, Conrad, Cornett, Davis, Day, Dunsil, Embry, Flanery, Freeman, Gay, Griffin, Grundy, Gullette, Hadden, Hawkins, Heyburn, Hill, Hilton, Hinkle, Hislope, C. S. Howard, D. W. Howard, Isler, Jennings, Johnson, Mackey, Martin, McCallum, McFadden, Melton, Miller, Moore, Morgan, Mullins, Newsom, Nunn, Ockerman, Peace, Pollitte, Ratcliffe, Ray, V. Reed, R. Reid, Sr., Stith, Thompson, Walsh, Weintraub, A. W. Wells, Wilson, Wirsch, Young. Nays—0.

HB 24 passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

HB 6 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 60—Barnum, Bates, Baumgardner, Beshear, Billington, Blankenship, Blue, Breathitt, Breckinridge, Bridgers, Burnley, Bush, Carter, Casey, Conrad, Cornett, Davis, Day, Dunsil, Everett, Flanery, Freeman, Gay, Grigsby, Grundy, Hawkins, Heyburn, Hilton, Hinkle, D. W. Howard, Isler, Jennings, Johnson, Mackey, Martin, McCallum, McFadden, McKinney, Miller, Moore, Morgan, Mullins, Nunn, Ockerman, Parrish, Peace, Ratcliffe, Ray, Rayburn, V. Reed, R. Reid, Sr., Saylor, Searcy, Stith, Tanner, Thompson, Tinsley, L. B. Wells, Wirsch, Young. Nays 0.

HB 6 passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

HB 23 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 69—Barnum, Bates, Baumgardner, Beshear, Billington, Blankenship, Blue, Breathitt, Breckinridge, Bridg-

ers, Burnley, Bush, Carter, Casey, Conrad, Cornett, Cottengim, Davis, Day, Dunsil, Everett, Flanery, Gay, Greene, Griffin, Grigsby, Grundy, Gullette, Hadden, Hahn, Hawkins, Heskamp, Heyburn, Hill, Hilton, Hinkle, Hislope, Holsclaw, C. S. Howard, D. W. Howard, Isler, Jennings, Johnson, Kubale, Mackey, McCallum, McFadden, McKinney, Melton, Miller, Moore, Morgan, Mullins, Newsom, Nunn, Peace, Ratcliffe, Ray, V. Reed, Saylor, Searcy, Stith, Tanner, Thompson, Walsh, A. W. Wells, L. B. Wells, Wirsch, Young. Nays 0.

HB 23 passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Morgan moved the House adjourn until 10:00 A.M., April 20, 1956. Agreed.

FRIDAY, APRIL 20, 1956

THIRTEENTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend H. Glenn Stephens, South Frankfort Presbyterian Church, Frankfort.

The roll was called. All present except Barnum, Bridgers, Day, Embry, Farmer, Grigsby, Highland, Hill, Lambert, McKinney, Moore, Nunnelley, Rayburn, John B. Reed, Sloan, Wathen, and Weintraub, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for April 19, 1956, was dispensed with and the same approved on motion of Representative Isler.

Introduction of Resolutions and Bill

HR 12, by Representative Burnley: A CONCURRENT RESOLUTION requesting the Congress of the United States to enact legislation under which state excise taxes on production of distilled spirits would be credited in an amount not exceeding $2 per gallon against Federal withdrawal tax.

HR 13, by Representative Caudill: A CONCURRENT RESOLUTION authorizing the Legislative Research Commission to make a study of a system of state owned and operated retail alcoholic beverage outlets.

HB 43, by Representative Newsom: AN ACT relating to the transportation of pupils.

Calendar

HB 30 was taken from the Calendar and read at length for the second time. Ordered placed in the Orders of the Day.

Representative Morgan moved that the House do now recess for 10 minutes for a Rules Committee Meeting. Agreed. At the appointed hour, the Speaker resumed the Chair and called the House to order.

Orders of the Day

HB 41 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 68—Anderson, Bates, Baumgardner, Beshear, Blankenship, Blue, Breathitt, Breckinridge, Buchanan, Burnley, Carter, Casey, Caudill, Cornett, Cottengim, Davidson, Davis, Dunsil, Everett, Flanery, Gay, Greene, Griffin, Grundy, Hadden, Hahn, Harris, Hawkins, Heskamp, Heyburn, Hinkle, Holsclaw, C. S. Howard, D. W. Howard, Isler, Jennings, Johnson, Mackey, Martin, McCallum, Melton, Miller, Morgan, Mullins, Murphy, Newsom, Nunn, Parrish, Peace, Pollitte, Qualls, Ratcliffe, Ray, V. Reed, H. V. Reid, R. Reid,

Sr., Reynolds, Saylor, Searcy, Stith, Thomas, Tinsley, Walsh, A. W. Wells, Williamson, Wilson, Wirsch, Young. Nays 1—Thompson.

HB 41 passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Morgan moved that **SR 8** be taken from the Orders of the Day and placed on passage. Agreed. **SR 8** adopted.

Representative Morgan moved that **SR 10** be taken from the Orders of the Day and placed on passage. Agreed. **SR 10** adopted.

Representative Burnley moved the adoption of **HR 12.**

HR 12: A CONCURRENT RESOLUTION requesting the Congress of the United States to enact appropriate legislation under which state excise taxes on the production of distilled spirits would be credited, in an amount not exceeding $2 per gallon, against the Federal withdrawal tax on distilled spirits.

WHEREAS,

(1) Kentucky's largest industry is the distilling industry. More than 65% of distilled spirits produced in the United States is produced in Kentucky. Hence, the distilling industry should constitute a larger source of excise tax revenue for Kentucky.

(2) However, the Federal Government has imposed a $10.50 per gallon withdrawal tax on distilled spirits which is more than twelve times the production cost of a gallon of distilled spirits. No other product—neither Texas oil nor Oklahoma gas nor Michigan automobiles—bears a Federal tax twelve times its cost value. This Federal tax has made it impractical for Kentucky to impose additional excise taxes on the production of distilled spirits. A recent study by the Kentucky Department of Revenue shows that even a small increase in Kentucky's present excise tax would have serious effects upon the distilled spirits industry in Kentucky.

(3) This situation is unfair. It represents a discrimination against Kentucky which has hindered progress, especially in the field of public education.

(4) No other state suffers from the Federal tax on distilled spirits as does Kentucky because the industry is not as concentrated in any other state.

(5) If Kentucky could impose a production tax of up to $2 per gallon on distilled spirits the tax would supplement general revenues to the point where Kentucky could confidently expect to rise to a position of equality among her sister states in the fields of education and public welfare.

(6) The Congress of the United States could, and should, partially correct this unfair and inequitable discrimination against Kentucky by treating state excise taxes on the production of distilled spirits, in an

amount not exceeding $2 per gallon, as a credit against the Federal withdrawal tax. This would create no new precedent because many times—as in the case of the Federal Estate Tax—the Congress has permitted state taxes to be credited against Federal taxes in order to prevent inequities.

(7) This Assembly believes that this situation arose and continues because Congress has not been cognizant of its existence, and that a fully informed Congress will correct it.

NOW, THEREFORE,

Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky, the Senate concurring therein:

That the Congress of the United States be, and it hereby is, requested to enact appropriate legislation under which state excise taxes on the production of distilled spirits will be credited, in an amount not exceeding $2 per gallon against the Federal withdrawal tax on distilled spirits.

HR 12 adopted.

HB 19 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Isler moved the Previous Question. Agreed.

On roll call, the vote was yeas 69—Anderson, Bates, Beshear, Billington, Blue, Breathitt, Breckinridge, Buchanan, Burnley, Carter, Casey, Caudill, Cornett, Cottengim, Davis, Dunsil, Everett, Flanery, Freeman, Gay, Greene, Grundy, Hadden, Hahn, Harris, Heskamp, Hilton, Hinkle, Hislope, Holsclaw, C. S. Howard, D. W. Howard, Isler, Jennings, Johnson, Kubale, Lowman, Mackey, Martin, McCallum, McFadden, Melton, Miller, Morgan, Mullins, Murphy, Newsom, Ockerman, Parrish, Peace, Pollitte, Qualls, Ratcliffe, Ray, V. Reed, H. V. Reid, R. Reid, Sr., Saylor, Searcy, Stith, Tanner, Thomas, Thompson, Tinsley, L. B. Wells, Williamson, Wilson, Wirsch, Young. Nays 0.

HB 19 passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

HB 39 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question.

Representative Lowman requested a roll call on the Previous Question.

On roll call, the vote was yeas 32—Anderson, Beshear, Billington, Blankenship, Buchanan, Burnley, Carter, Casey, Cottengim, Davidson,

Davis, Dunsil, Everett, Flanery, Greene, Gullette, Harris, Hilton, Hinkle, Holsclaw, C. S. Howard, Isler, Johnson, Kubale, Morgan, Newsom, Parrish, Qualls, V. Reed, H. V. Reid, Tinsley, L. B. Wells. Nays 35—Breathitt, Caudill, Cornett, Freeman, Gay, Griffin, Grundy, Hadden, Hahn, Heyburn, Hislope, D. W. Howard, Jennings, Lowman, Mackey, Martin, McCallum, McFadden, Melton, Miller, Mullins, Murphy, Nunn, Peace, Pollitte, Ratcliffe, Ray, R. Reid, Sr., Saylor, Searcy, Stith, Tanner, A. W. Wells, Williamson, Wilson.

Previous Question was rejected.

Representative Lowman moved to amend **HB 39** as follows:

Amend printed copy of **HB 39** on page 1; by striking everything following the word "Kentucky:" in the enacting clause and substituting in lieu thereof the following:

"Section 1. The tax imposed by KRS 138.510 upon persons, corporations or associations which operate a running or trotting horse race track at which betting is conducted through a pari-mutuel or other similar system hereby is imposed also upon every nonprofit or non-dividend-paying association or corporation which operated a running horse track at which betting is conducted through a pari-mutuel or other similar system. All of the provisions of KRS 138.510, 138.515, 138.530, 138.540 and 138.550 shall apply.

Section 2. Section 2 of House Bill No. 45, enacted at the Regular Session of the General Assembly, is repealed."

Representative Lowman moved a roll call on the amendment.

On roll call, the vote was yeas 46—Anderson, Bates, Baumgardner, Blankenship, Blue, Breathitt, Buchanan, Caudill, Conrad, Cornett, Freeman, Gay, Griffin, Grundy, Hadden, Hahn, Hawkins, Heskamp, Heyburn, Hinkle, Hislope, D. W. Howard, Jennings, Lowman, Mackey, Martin, McCallum, McFadden, Miller, Mullins, Murphy, Nunn, Peace, Pollitte, Ratcliffe, Ray, R. Reid, Sr., Saylor, Searcy, Stith, Tanner, A. W. Wells, L. B. Wells, Williamson, Wilson, Wirsch. Nays 20—Beshear, Billington, Burnley, Cottengim, Davidson, Davis, Everett, Greene, Gullette, Harris, Holsclaw, C. S. Howard, Isler, Johnson, Kubale, Morgan, Newsom, Parrish, H. V. Reid, Walsh.

Amendment was adopted.

On motion of Representative Clyde S. Howard, a roll call was taken on adjournment until 8:00 P.M., Monday, April 23, 1956.

On roll call, the vote was yeas 20—Beshear, Billington, Buchanan, Burnley, Casey, Cottengim, Davidson, Davis, Dunsil, Everett, Flanery, Greene, Gullette, Harris, C. S. Howard, Isler, Johnson, Kubale, Morgan, Reynolds. Nays 44—Anderson, Baumgardner, Blue, Breathitt, Breckinridge, Caudill, Conrad, Cornett, Freeman, Gay, Griffin, Grundy, Hadden, Hahn, Hawkins, Heskamp, Heyburn, Hinkle, Hislope, D. W. Howard, Jennings, Lowman, Mackey, Martin, McCallum, McFadden, Melton, Miller, Mullins, Murphy, Nunn, Peace, Pollitte, Ratcliffe, Ray,

R. Reid, Sr., Saylor, Searcy, Stith, Tanner, A. W. Wells, L. B. Wells, Williamson, Wilson.

Motion was rejected.

Representative Breckinridge moved to amend **HB 39** as follows:

Amend printed copy of **HB 39** on page 1; by adding thereto the following which shall constitute Section 2 thereof:

"Section 2. Notwithstanding KRS 138.530 (2), all revenue received under the provisions of this Act shall be paid into the State Treasury and credited to a special fund to be used by the Agricultural Experiment Station of the University of Kentucky to implement and strengthen its program concerning the physiological and chemical composition of Kentucky tobaccos, for the purpose of developing tobacco strains containing non-injurious substances. Any unexpended balance remaining to the credit of the special fund at the end of the 1956-1957 and 1957-1958 fiscal years shall be paid into the General Expenditure Fund."

Representative Breckinridge requested a roll call on the amendment.

On roll call, the vote was yeas 25—Breckinridge, Buchanan, Burnley, Cottengim, Davidson, Davis, Dunsil, Everett, Greene, Gullette, Harris, Holsclaw, C. S. Howard, Isler, Kubale, Melton, Morgan, Newsom, Ockerman, Parrish, V. Reed, H. V. Reid, Thompson, Tinsley, Walsh. Nays 45—Anderson, Bates, Baumgardner, Beshear, Blankenship, Blue, Breathitt, Caudill, Conrad, Cornett, Gay, Griffin, Grundy, Hadden, Hahn, Hawkins, Heskamp, Heyburn, Hilton, Hislope, D. W. Howard, Jennings, Lowman, Mackey, Martin, McCallum, McFadden, Mullins, Murphy, Nunn, Peace, Pollitte, Ratcliffe, Ray, R. Reid, Sr., Saylor, Searcy, Stith, Tanner, A. W. Wells, L. B. Wells, Williamson, Wilson, Wirsch, Young.

Amendment No. 2 to **HB 39** was rejected.

Representative Burnley moved that **HB 39** be made a Special Order for 8:30 A.M., April 23, 1956.

Representative Burnley moved that a roll call be taken on his motion.

On roll call, the vote was yeas 33 — Bates, Beshear, Billington, Blankenship, Buchanan, Burnley, Carter, Casey, Cottengim, Davidson, Davis, Dunsil, Everett, Flanery, Greene, Gullette, Harris, Hilton, Holsclaw, C. S. Howard, Isler, Johnson, Kubale, Melton, Morgan, Newsom, Parrish, V. Reed, H. V. Reid, Thomas, Tinsley, Walsh, L. B. Wells. Nays 42—Anderson, Baumgardner, Blue, Breathitt, Caudill, Conrad, Cornett, Gay, Griffin, Grundy, Hadden, Hahn, Hawkins, Heskamp, Heyburn, Hislope, D. W. Howard, Jennings, Lowman, Mackey, Martin, McCallum, McFadden, Miller, Mullins, Murphy, Nunn, Peace, Pollitte, Qualls, Ratcliffe, Ray, R. Reid, Sr., Saylor, Searcy, Stith, Tanner, Thompson, A. W. Wells, Williamson, Wilson, Young.

Motion was rejected.

Representative Morgan moved the Previous Question. Agreed.

On roll call the vote was yeas 76—Anderson, Bates, Baumgardner, Beshear, Billington, Blankenship, Blue, Breathitt, Carter, Casey, Caudill, Conrad, Cornett, Cottengim, Davidson, Davis, Dunsil, Everett, Fitzpatrick, Gay, Greene, Griffin, Grundy, Gullette, Hadden, Hahn, Harris, Hawkins, Heskamp, Heyburn, Hilton, Hinkle, Hislope, Holsclaw, D. W. Howard, Isler, Jennings, Johnson, Kubale, Lowman, Mackey, Martin, McCallum, McFadden, Melton, Miller, Morgan, Mullins, Murphy, Newsom, Nunn, Ockerman, Parrish, Peace, Pollitte, Qualls, Ratcliffe, Ray, V. Reed, H. V. Reid, R. Reid, Sr., Reynolds, Saylor, Searcy, Stith, Tanner, Thomas, Thompson, Tinsley, Walsh, A. W. Wells, L. B. Wells, Williamson, Wilson, Wirsch, Young. Nays 2 —Burnley, C. S. Howard.

HB 39 as amended was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Senate Message

Senate message announcing passage of **SB 5** and **HB 1** with amendments. Ordered that **SB 5** be referred.

Representative Morgan moved the House adjourn until 8:00 P.M., Monday, April 23, 1956. Agreed.

MONDAY, APRIL 23, 1956

FIFTEENTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend Fred T. Moffett, First Baptist Church, Frankfort.

The roll was called. All present except Barnum, Bates, Beshear, Casey, Caudill, Cottengim, Grigsby, Hislope, Holsclaw, Lowman, Melton, Murphy, Nunnelley, Ray, John B. Reed, Reynolds, Wathen, and Weintraub, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for April 20, 1956, was dispensed with and the same approved on motion of Representative Isler.

Senate Message

Senate message announcing passage of **SB 2** and **SB 7.** Ordered that said bills be referred.

Representative Morgan moved that the House concur in the following Senate amendment to **HB 1:**

Amend printed copy of **HB 1** on page 2, section 1 (19), lines 22 to 25 and following line 37, by deleting lines 22 to 25, inclusive, in their entirety and substituting in lieu thereof the following:

Corporations, means "taxable income" as defined in Section 63 (a) of the Internal Revenue Code adjusted as follows:

By adding immediately following line 37 and before line 38, the following which shall be paragraph (h) under subsection (9):

Exclude the deduction for personal exemptions allowed under Section 151 of the Internal Revenue Code and any other deduction in lieu thereof. Adopted.

Representative Morgan moved that the House concur in the following Senate amendment to **HB 1:**

Amend printed copy of **HB 1** on page 3, section 1 (10), lines 45 to 49 and following line 60, as follows:

Delete lines 45 to 49, inclusive, in their entirety and substitute in lieu thereof the following:

"taxable income" as defined in Section 63 (a) of the Internal Revenue Code adjusted as follows:

By adding immediately following line 60 and before line 61, the following which shall be paragraph (g) under subsection (10):

Exclude the special deductions, which relate to dividends and interest, allowable under Sections 241 to 247, inclusive, of the Internal Revenue Code. Adopted.

Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 53—Bates, Billington, Buchanan, Burnley, Bush, Carter, Conrad, Cornett, Cottengim, Davidson, Davis, Day, Dunsil, Embry, Everett, Farmer, Fitzpatrick, Flanery, Gay, Greene, Grundy, Gullette, Hahn, Harris, Hawkins, Highland, Hill,

Hilton, Hinkle, C. S. Howard, Johnson, Kubale, Mackey, Morgan, Newsom, Parrish, Peace, Qualls, Ratcliffe, V. Reed, H. V. Reid, R. Reid, Sr., Saylor, Searcy, Sloan, Stith, Thomas, Thompson, Tinsley, Wathen, L. B. Wells, Wilson, Wirsch. Nays 14—Baumgardner, Breathitt, Freeman, Hadden, Hislope, D. W. Howard, Isler, Lambert, McCallum, Ockerman, Ray, Tanner, Williamson, Young.

HB 1 with amendments was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

The Speaker appointed a committee composed of Representatives Everett, Day, Clyde S. Howard, and Young to inform the Senate that the House is at ease for the entertainment provided by Senator McCann.

Report on Enrolled Bills

Committee on Enrollment reported that **HB 1** with amendments had been examined and found correctly enrolled. Said bill read at length, compared, and signed in open session by the Speaker. Ordered delivered to the Senate.

HB 1 with amendments delivered, signed by the President of the Senate. Ordered delivered to the Governor.

Representative Morgan moved that the House do now recess for 15 minutes for a Rules Committee Meeting. Agreed.

At the appointed hour, the Speaker resumed the Chair and called the House to order.

Representative Morgan moved that the rules be suspended for a Committee Report. Agreed.

Report of Committee

Committee on Rules reported **SB 5** and **SB 2** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

SB 5: AN ACT relating to school districts.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 160.330 of the Kentucky Revised Statutes is amended to read as follows:

Each board of education may furnish textbooks and other necessary school supplies free of charge to indigent children in its school district, including indigent children in high schools or lower grades, or to such other children as it deems advisable, under such rules and regulations as it may adopt. The superintendent shall report to the tax levying authority of the district the number and cost of textbooks and school supplies needed by the indigent school children of the district, and the tax levying authority shall appropriate a sum of money sufficient for the purchase of textbooks and school supplies for such

children. The sum appropriated annually by the tax levying authority shall not be less than two hundred dollars in a county school district and fifty dollars in an independent school district.

SB 2: AN ACT relating to annexation of unincorporated territory by municipalities in Kentucky.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

(1) The General Assembly, recognizing that the general welfare and prosperity of the Commonwealth of Kentucky is very greatly dependent upon continued industrial development and expansion; and further recognizing that reasonable assurances of fair treatment will greatly increase industrial development and expansion in Kentucky, it hereby is declared to be the public policy of the Commonwealth of Kentucky to encourage the location of new industries and the expansion of existing industries in Kentucky by prohibiting unfair and unreasonable annexation by municipal corporations of industries now or hereafter located in unincorporated areas. However, it is not the intent of the General Assembly to prohibit, restrict or hamper normal expansion of municipal boundaries if such normal development and expansion extends to and embraces such industrial properties.

(2) No unincorporated territory in which is located an industrial plant or plants shall be annexed by any municipality unless such territory is embraced within a broad, comprehensive plan of annexation. The territory to be annexed shall be contiguous to the boundary line or lines of such municipality, and the territory or area to be annexed shall be both compact and contiguous. The number of real estate owners in the territory proposed to be annexed shall equal or exceed fifty (50) percent of the average number of persons employed by industrial plants within such territory during the next preceding calendar year, the number of such owners of real estate to be determined by taking the total of such owners from the assessments lists in the County Tax Commissioner's office at the close of the next preceding assessment date.

(3) Nothing herein shall be construed as prohibiting any municipality from annexing any industrial plant or plants or its properties if the duly authorized representatives of such industrial plant or plants consent to or request such action.

(4) Any person or persons within the area proposed to be annexed shall have the right to file a protest and to have the protest heard and determined as now provided by existing statutes.

(5) All laws and parts of laws in conflict herewith, to the extent of such conflict, hereby are repealed.

WHEREAS, numerous industries are now considering whether to expand their industrial plants in Kentucky or locate plants elsewhere, and

WHEREAS, numerous industries are now considering whether to locate industrial plants in Kentucky or locate them elsewhere, and

WHEREAS, the provisions of this Act may be sufficient inducement and assurance to cause such industries to expand their existing plants and others to locate industrial plants in Kentucky, an emergency is hereby declared to exist and this Act shall become effective immediately upon its passage and approval by the Governor.

Introduction of Resolutions

HR 14, by Representative Wirsch: A RESOLUTION commending Clinton L. Smith, Fort Thomas, Kentucky, for the poem titled "OLD KENTUCKY" and that it be used by the Division of Publicity for the purpose of promoting the TOURIST INDUSTRY in Kentucky.

WHEREAS, In this modern age, fast communication, and highly competitive methods in the advertising of commerce and industry in the United States; the effort put forth to attract the tourist trade, and

WHEREAS, Our great and beloved Commonwealth has now awakened to the need for making a concerted drive to bring into our state those TOURIST DOLLARS, through the medium of effective and economical advertising material, now therefore be it

RESOLVED; That this branch of the general assembly now in session and having before it a SPECIALTY item for consideration, the form and composition befitting our great state, inasmuch as it has described all those things which made Kentucky famous, and for which we hope to capitalize on by a nation wide distribution, and be it further

RESOLVED; That the poem titled "Old Kentucky" be now and henceforth adopted; the work to be used by the Division of Publicity for the purpose of promoting the TOURIST INDUSTRY in our state. Since the author and copyright owner, Clinton L. Smith of Fort Thomas, Kentucky, a native Kentuckian, has expressed his sentiment thus, and by so doing, he instills in the hearts of all native Kentuckians, the love and devotion for the Commonwealth, we the assembled members of the House of Representatives commend him forthwith.

Representative Wirsch moved adoption of **HR 14.** Adopted.

HR 15, by Representatives Holsclaw, Cottengim, Davidson, Moore, Farmer, Bridgers, Walsh, Murphy, Young, Buchanan, Embry, Harris, Hahn, Ockerman, Kubale, Heyburn, Miller, Blankenship, Rayburn, Newsom, Carter, Hilton, Everett, Vernon Reed, Greene, Burnley, Gullette: A CONCURRENT RESOLUTION expressing appreciation to the Southern Bell Telephone and Telegraph Company and certain of its employees for assistance to the General Assembly.

WHEREAS, the Southern Bell Telephone and Telegraph Com-

pany installed special telephone equipment in Room 314 of the State Capitol Building for use of the members of the General Assembly, and

WHEREAS, numerous modifications were made in the telephone installation on the third floor of the State Capitol Building to expedite the work of the General Assembly and its clerical staff, and

WHEREAS, two employees of the Southern Bell Telephone and Telegraph Company, Mrs. Margaret Gaines Bennett and Mrs. Dorothy Dunstall Lea, were asigned to assist Senators and Representatives with their telephone calls whenever the General Assembly was in session, and

WHEREAS, the assistance of Mrs. Bennett and Mrs. Lea and the special equipment installed by the Southern Bell Telephone and Telegraph Company have been invaluable in enabling members of the General Assembly to carry forward legislative business and maintain close contact with their constituents.

NOW, THEREFORE,

Be it resolved by the House of Representatives of the Commonwealth of Kentucky, the Senate concurring therein:

Section 1. That the members of the House of Representatives and Senate of the Commonwealth of Kentucky express their appreciation to the Southern Bell Telephone and Telegraph Company and to Mrs. Margaret Gaines Bennett and Mrs. Dorothy Dunstall Lea for their assistance to the General Assembly during the 1956 regular session and the four extraordinary sessions.

Section 2. That copies of this resolution, properly attested under the Seal of the Commonwealth, be forwarded to Mr. J. M. Sanders, District Manager, Southern Bell Telephone and Telegraph Company; to Mr. Robert Gum, President, Local 3305, Communication Workers of America; and to Mrs. Margaret Gaines Bennett and Mrs. Dorothy Dunstall Lea.

Representative Holsclaw moved adoption of **HR 15.** Adopted.

Representative Morgan moved the House adjourn until 10:00 A.M., April 24, 1956. Agreed.

TUESDAY, APRIL 24, 1956

SIXTEENTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend E. W. Baxter of the Episcopal Church, Frankfort.

The roll was called. All present except Barnum, Beshear, Billington, Breathitt, Carter, Casey, Caudill, Farmer, Griffin, Grigsby, Gullette, Harris, Hawkins, Heskamp, Clyde S. Howard, Durham W. Howard, Kubale, Lambert, Lowman, McCallum, Melton, Moore, Murphy, Nunnelley, Ray, John B. Reed, Vernon Reed, Howard V. Reid, Reynolds, Stith, Weintraub, and Williamson, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for April 23, 1956, was dispensed with and the same approved on motion of Representative Isler.

Recess

Representative Morgan moved that the House do now recess for 15 mintues for a Rules Committee Meeting. Agreed.

At the appointed hour, the Speaker resumed the Chair and called the House to order.

Representative Morgan moved that the rules be suspended for a Committee Report. Agreed.

Report of Committee

Committee on Rules reported **SB 7** and **HB 43** with the expression of opinion that the same should pass. Read at length for the first time and ordered placed in the Calendar.

SB 7: AN ACT relating to unemployment insurance.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. Section 341.350 of the Kentucky Revised Statutes is amended to read as follows:

Conditions of qualification for benefits. An unemployed worker shall, except as provided in KRS 341.360 and 341.370, be eligible for benefits with respect to any week of unemployment only if:

(1) He has made a claim for benefits;

(2) He has registered for work with respect to such week in accordance with regulations prescribed by the Commission;

(3) He is physically and mentally able to work;

(4) He is available for suitable work;

(5) His base-period wages are not less than four hundred and fifty dollars; and

(6) He has served a waiting period of one week of unemployment within his benefit year. No week of unemployment shall be counted as a waiting period unless the worker has satisfied the conditions of subsections (1), (2), (3), (4) and (5) of this section.

Section 2. Section 341.380 of the Kentucky Revised Statutes is amended to read as follows:

Payment of benefits; amount. (1) All benefits shall be paid through employment offices, or such other agencies designated by regulations of the Commission. Claims for all payments of benefits shall be made in accordance with regulations of the Commission.

(2) Benefits payable to an eligible worker, whose benefit year begins on or after the effective date of this Act, for weeks of unemployment shall, except as provided in KRS 341.390, be at the benefit rate in Column "C" of Table "A" which appears on the same line with the "Base-Period Wages" of the worker as shown in Column "B" of the same table.

(3) The maximum amount of benefits payable to any worker within any benefit year shall be the amount in Column "D" of Table "A" which apears on the same line with "Base-Period Wages" of such worker as shown in Column "B" of the same table.

TABLE A

Wage Class (A)	Base-Period Wages (B)	Benefit Rate (C)	Maximum Amount (D)
0	Less than $450.00	$ 0.00	$ 0.00
1	$ 450.00 - 499.99	8.00	208.00
2	500.00 - 549.99	9.00	234.00
3	550.00 - 599.99	10.00	260.00
4	600.00 - 649.99	11.00	286.00
5	650.00 - 699.99	12.00	312.00
6	700.00 - 749.99	13.00	338.00
7	750.00 - 799.99	14.00	364.00
8	800.00 - 849.99	15.00	390.00
9	850.00 - 899.99	16.00	416.00
10	900.00 - 949.99	17.00	442.00
11	950.00 - 999.99	18.00	468.00
12	1,000.00 - 1,049.99	19.00	494.00
13	1,050.00 - 1,099.99	20.00	520.00
14	1,100.00 - 1,199.99	21.00	546.00
15	1,200.00 - 1,299.99	22.00	572.00
16	1,300.00 - 1,399.99	23.00	598.00
17	1,400.00 - 1,499.99	24.00	624.00
18	1,500.00 - 1,599.99	25.00	650.00
19	1,600.00 - 1,699.99	26.00	676.00
20	1,700.00 - 1,799.99	27.00	702.00
21	1,800.00 - 1,899.99	28.00	728.00
22	1,900.00 - 1,999.99	29.00	754.00
23	2,100.00 - 2,299.99	30.00	780.00
24	2,300.00 - 2,499.99	31.00	806.00
25	2,500.00 or over	32.00	832.00

HB 43: AN ACT relating to the transportation of pupils.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 158.110 of the Kentucky Revised Statutes is amended to read as follows:

Boards of education shall furnish transportation from their general funds or otherwise for pupils of elementary grade or high school grade who do not reside within reasonable walking distance of the school provided for them. No charge shall be made for such transportation. The boards of education shall adopt such rules and regulations as will insure the comfort, health and safety of the children who are transported, consistent with the rules and regulations of the State Board of Education dealing with the transportation of pupils.

SB 2 and **SB 5** were taken from the Calendar and read at length for the second time. Ordered placed in Orders of the Day.

Representative Morgan moved that the House adjourn until 11:00 A.M., April 25, 1956. Agreed.

WEDNESDAY, APRIL 25, 1956

SEVENTEENTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend Edward L. Tullis, of the First Methodist Church, Frankfort.

The roll was called. All present except Anderson, Barnum, Beshear, Grigsby, Heyburn, Holsclaw, Clyde S. Howard, Lambert, Miller, Murphy, Nunnelley, Pollitte, Qualls, Vernon Reed, Reynolds, Weintraub, and Lynn B. Wells, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for April 24, 1956, dispensed with and the same approved on motion of Representative Isler.

Senate Message

Senate message announcing passage of **SR 15** and **SR 16.**

Representative Morgan moved that the House concur in **SR 16.**

SR 16: A CONCURRENT RESOLUTION expressing the appreciation of the General Assembly for the efforts of Senator Leon J. Shaikun and Representative Charles W. Buchanan on behalf of the Joint Committee on Insurance Investigation.

WHEREAS, the Joint Committee on Insurance Investigation, established by Senate Resolution No. 6, has completed the duties imposed upon it by the General Assembly of the Commonwealth of Kentucky; and

WHEREAS, the completion of the said committee's duties in an orderly, efficient and expeditious manner was due, in large measure to the productive and untiring efforts of Senator Leon J. Shaikun and Representative Charles W. Buchanan; and

WHEREAS, the efforts of the said Senator Shaikun and Representative Buchanan were exerted in the interest of the welfare of the citizens of the Commonwealth and were in addition to the arduous and time consuming duties of each in representing his respective constituency in the General Assembly,

NOW, THEREFORE,

Be it resolved by the Senate of the General Assembly of the Commonwealth of Kentucky, the House of Representatives concurring therein:

That the General Assembly of the Commonwealth of Kentucky does hereby express its appreciation to Senator Leon J. Shaikun and Representative Charles W. Buchanan for their efforts on behalf of the Joint Committee on Insurance Investigation and does commend them on the quality and thoroughness of their work.

SR 16 was adopted.

Representative Morgan moved that the House concur in **SR 15.**

SR 15: A CONCURRENT RESOLUTION providing for sine die adjournment of the Fourth Extraordinary Session of the 1956 General Assembly.

Be it resolved by the Senate of the Commonwealth of Kentucky, the House of Representatives concurring therein:

That when the Senate and the House of Representatives adjourn on April 27, 1956, they do adjourn sine die.

SR 15 was adopted.

Representative Morgan moved that the House do now recess for 15 minutes for a Rules Committee Meeting. Agreed.

At the appointed hour, the Speaker resumed the Chair and called the House to order.

Calendar

SB 7 and **HB 43** were taken from the Calendar and read at length for the second time. Ordered placed in Orders of the Day.

Introduction of Bill

HB 44, by Representatives Breckinridge, Young, Mullins, Peace, McKinney, Conrad, Tanner, Robert Reid, Hahn, McFadden, Hawkins, Mackey, Heskamp, Cornett, A. W. Wells, Ratcliffe, Wilson, Bush, Moore, Hislope, Highland, Sloan, Thomas, Ockerman, Grundy, Hadden, Heyburn, Anderson, Pollitte, Wirsch, Hinkle, Blue, Baumgardner, Searcy, Everett, Billington, Freeman, Martin, Nunn, Carter, Bridgers, Embry, Gay, Parrish, McCallum, Day, Breathitt, Jennings, Murphy, Ray, Saylor, Flanery, Blankenship, L. B. Wells, D. W. Howard, Williamson, Melton, Reynolds, V. Reed, H. V. Reid, Miller: AN ACT relating to revenue and taxation to meet the needs and requirements of the Commonwealth of Kentucky.

Orders of the Day

SB 2 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed. Read at length the third time. Representative Morgan moved the Previous Question.

A roll call was requested on the Previous Question.

On roll call, the vote was yeas 42—Bates, Billington, Blankenship, Buchanan, Burnley, Carter, Casey, Cottengim, Davidson, Davis, Day, Dunsil, Embry, Everett, Flanery, Greene, Grigsby, Gullette, Harris, Heskamp, Hilton, Hinkle, Isler, Johnson, Kubale, Melton, Morgan, Newsom, Ratcliffe, Rayburn, J. B. Reed, V. Reed, H. V. Reid, R. Reid, Sr., Searcy, Sloan, Stith, Thomas, Thompson, Tinsley, Wathen, Wilson. Nays 22—Baumgardner, Breathitt, Breckinridge, Caudill, Conrad, Cornett, Farmer, Griffin, Holsclaw, D. W. Howard, Lowman, Mackey,

McCallum, Moore, Murphy, Ockerman, Ray, Saylor, Tanner, Walsh, A. W. Wells, Bridgers.

Previous Question was rejected.

Representative Ray moved to amend **SB 2** as follows:

Amend printed copy of **SB 2** on page 2, section 2, lines 15 through 28: Amend Senate Bill No. 2 on Page 2 by striking out subsection (2) thereof, and inserting in lieu thereof the following:

(2) "The territory to be annexed shall be contiguous to the boundary line or lines of such municipality, and the territory or area to be annexed shall be both compact and contiguous."

Representative Ray requested a roll call on amendment to **SB 2.**

On roll call, the vote was yeas 20—Baumgardner, Breathitt, Breckinridge, Bridgers, Caudill, Cornett, Farmer, Hadden, Holsclaw, Lowman, McCallum, McKinney, Mullins, Murphy, Ockerman, Parrish, Ray, Tanner, Walsh, A. W. Wells. Nays 43—Bates, Billington, Blankenship, Buchanan, Burnley, Bush, Carter, Casey, Cottengim, Davidson, Day, Dunsil, Embry, Everett, Flanery, Gay, Greene, Griffin, Grigsby, Gullette, Hahn, Hilton, C. S. Howard, Isler, Johnson, Melton, Morgan, Newsom, Ratcliffe, J. B. Reed, V. Reed, H. V. Reid, R. Reid, Sr., Searcy, Sloan, Stith, Thomas, Thompson, Tinsley, Wathen, Wirsch, Young, Fitzpatrick.

Amendment to **SB 2** was rejected.

Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 56—Bates, Billington, Blankenship, Buchanan, Burnley, Bush, Carter, Casey, Conrad, Cottengim, Davis, Day, Dunsil, Embry, Everett, Fitzpatrick, Flanery, Freeman, Gay, Greene, Griffin, Grigsby, Gullette, Hahn, Harris, Heskamp, Hill, Hilton, Hinkle, C. S. Howard, Isler, Jennings, Johnson, Martin, McFadden, Melton, Moore, Morgan, Newsom, Parrish, Peace, Ratcliffe, Rayburn, V. Reed, H. V. Reid, R. Reid, Sr., Searcy, Sloan, Stith, Thomas, Thompson, Tinsley, Wathen, Wilson, Wirsch, Young. Nays 23—Baumgardner, Blue, Breathitt, Breckinridge, Bridgers, Caudill, Cornett, Farmer, Holsclaw, D. W. Howard, Lowman, Mackey, McCallum, McKinney, Mullins, Murphy, Nunn, Ockerman, Ray, Saylor, Tanner, Walsh, A. W. Wells.

SB 2 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

SB 5 taken from Orders of the Day on recommendation of the Rules Committee. Representative Morgan moved that it be placed on passage. Agreed.

Representative Newsom moved to amend **SB 5** as follows:

Amend printed copy of **SB 5** on page 2: by adding thereto immediately following line 15, the following which shall constitute Section 2 thereof:

"Section 2. Section 158.110 of the Kentucky Revised Statutes is amended to read as follows:

Boards of education shall furnish transportation from their general funds or otherwise for pupils of elementary grade or high school grade who do not reside within reasonable walking distance of the school provided for them. No charge shall be made for such transportation. The boards of education shall adopt such rules and regulations as will insure the comfort, health and safety of the children who are transported, consistent with the rules and regulations of the State Board of Education dealing with the transportation of pupils.

A roll call was requested on amendment to **SB 5.**

On roll call, the vote was yeas 22—Blankenship, Blue, Burnley, Carter, Cottengim, Davis, Dunsil, Everett, Flanery, Greene, Grigsby, Isler, Johnson, McCallum, Melton, Morgan, Newsom, V. Reed, Sloan, Thomas, Tinsley, Wathen. Nays 38—Baumgardner, Breckinridge, Bridgers, Caudill, Conrad, Day, Farmer, Freeman, Gay, Griffin, Gullette, Hadden, Highland, Hill, Hilton, Hinkle, Holsclaw, C. S. Howard, D. W. Howard, Mackey, Martin, McKinney, Moore, Mullins, Murphy, Nunn, Ockerman, Parrish, Peace, Ray, H. V. Reid, Thompson, Walsh, A. W. Wells, L. B. Wells, Wilson, Wirsch, Young.

Amendment to **SB 5** was rejected.

Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 77—Bates, Baumgardner, Billington, Blankenship, Blue, Breckinridge, Bridgers, Buchanan, Burnley, Carter, Casey, Conrad, Cottengim, Davidson, Day, Dunsil, Embry, Farmer, Flanery, Freeman, Gay, Greene, Griffin, Grigsby, Gullette, Hadden, Hahn, Harris, Hawkins, Heskamp, Highland, Hill, Hilton, Hinkle, Hislope, Holsclaw, C. S. Howard, D. W. Howard, Isler, Jennings, Johnson, Kubale, Lowman, Mackey, Martin, McCallum, McFadden, McKinney, Melton, Moore, Morgan, Mullins, Murphy, Newsom, Nunn, Ockerman, Parrish, Peace, Ratcliffe, Ray, Rayburn, V. Reed, H. V. Reid, R. Reid, Sr., Searcy, Sloan, Stith, Tanner, Thomas, Thompson, Tinsley, Wathen, A. W. Wells, L. B. Wells, Wilson, Wirsch, Young. Nays 0.

SB 5 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Buchanan moved that the House adjourn until 10:00 A.M., April 26, 1956. Agreed.

THURSDAY, APRIL 26, 1956

EIGHTEENTH LEGISLATIVE DAY

The House was called to order by Speaker Fitzpatrick.

Prayer by the Reverend Edward L. Tullis, of the First Methodist Church, Frankfort.

The roll was called. All present except Anderson, Barnum, Beshear, Blue, Buchanan, Caudill, Dunsil, Grigsby, Gullette, Harris, Hawkins, Hill, Hislope, Durham W. Howard, Kubale, Lambert, Martin, Miller, Moore, Nunnelley, Pollitte, Rayburn, John B. Reed, Howard V. Reid, Saylor, Tanner, Tinsley, and Williamson, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for April 25, 1956, dispensed with and the same approved on motion of Representative Isler.

Senate Message

Senate message announcing passage of **HB 6, HB 9** with amendment, **HB 38, HR 3, HR 5, HR 6,** and **HR 11.**

Report on Enrolled Bills

Committee on Enrollment reported that **HB 6, HB 9** and **HB 38** had been examined and found correctly enrolled. Said bills read at length, compared and signed in open session by the Speaker. Ordered delivered to Senate.

HB 6 and **HB 38** delivered, signed by President of the Senate. Ordered delivered to the Governor.

Representative Morgan moved that the House concur in the following Senate amendment to **HB 9:**

Amend printed copy of **HB 9** on page 1 by amending the title thereof by adding immediately following the word "prohibition.", the following:

"This Act shall be known as the Warinner-Bates Act." Adopted.

Introduction of Resolutions

HR 16, by Representative Heyburn: A RESOLUTION adopting an additional Rule to govern the proceedings of the House of Representatives.

Be it resolved by the House of Representatives of the Commonwealth of Kentucky:

That the following Rule to be designated Rule 64, is hereby adopted by the House of Representatives:

No article, booklet, pamphlet or any other printed matter shall be placed upon the desk of any Member unless said article, booklet, pamphlet or other printed matter contains the signature of the author, or the party interested in the distribution thereof is clearly identified.

Representative Heyburn moved adoption of **HR 16.** Adopted.

HR 17, by Representative Heyburn: A RESOLUTION directing the Legislative Research Commission to prepare and mail to each Member of the House of Representatives, an itemized statement of the expenditures of the House of Representatives.

Be it resolved by the House of Representatives of the Commonwealth of Kentucky:

That the Legislative Research Commission is directed to prepare and mail to each Member of the House of Representatives, immediately following the adjournment of the Fourth Extraordinary Session, an itemized statement of all expenditures of the House during the Regular Session and the First, Second, Third and Fourth Extraordinary Sessions of 1956. Such statement shall contain the name, position and compensation paid to each employe of the House of Representatives, as well as all other expenditures of the House for the aforementioned sessions.

Representative Heyburn moved adoption of **HR 17.** Rejected.

Representative Morgan moved that the House go into the Orders of the Day.

Representative Breckinridge, seconded by Representative Freeman, moved for a roll call on motion of Representative Morgan.

On roll call, the vote was yeas 37—Bates, Billington, Blankenship, Burnley, Bush, Carter, Casey, Cottengim, Davidson, Davis, Day, Everett, Fitzpatrick, Flanery, Greene, Gullette, Harris, Hill, Hilton, C. S. Howard, Isler, Johnson, Kubale, Melton, Morgan, Newsom, Qualls, V. Reed, H. V. Reid, Reynolds, Stith, Thomas, Thompson, Wathen, Weintraub, L. B. Wells, Wirsch. Nays 32—Baumgardner, Breathitt, Breckinridge, Bridgers, Farmer, Freeman, Gay, Griffin, Grundy, Hadden, Heskamp, Heyburn, Holsclaw, Jennings, Lambert, Lowman, Mackey, Martin, McCallum, McFadden, McKinney, Moore, Mullins, Murphy, Nunn, Ockerman, Peace, Ray, R. Reid, Sr., Searcy, Tanner, A. W. Wells.

Motion was adopted.

Orders of the Day

SB 7 taken from Orders of the Day on recommendation of Rules Committee. Representative Morgan moved that it be placed on passage. Agreed.

Representative Holsclaw moved to amend **SB 7** as follows:

Amend printed copy of **SB 7** on page 3, section 2, lines 24 through 48; by striking out all of lines 24 through 48 and substituting in lieu thereof the following:

1	$ 450.00	-	499.99	$ 8.00	$208.00
2	500.00	-	549.99	9.00	234.00
3	550.00	-	599.99	10.00	260.00
4	600.00	-	699.99	11.00	286.00
5	700.00	-	799.99	12.00	312.00

6	800.00	- 899.99	13.00	338.00
7	900.00	- 999.99	14.00	364.00
8	1,000.00	- 1,099.99	15.00	390.00
9	1,100.00	- 1,199.99	16.00	416.00
10	1,200.00	- 1,299.99	17.00	442.00
11	1,300.00	- 1,399.99	18.00	468.00
12	1,400.00	- 1,499.99	19.00	494.00
13	1,500.00	- 1,599.99	20.00	520.00
14	1,600.00	- 1,699.99	21.00	546.00
15	1,700.00	- 1,799.99	22.00	572.00
16	1,800.00	- 1,899.99	23.00	598.00
17	1,900.00	- 1,999.99	24.00	624.00
18	2,000.00	- 2,099.99	25.00	650.00
19	2,100.00	- 2,199.99	26.00	676.00
20	2,200.00	- 2,299.99	27.00	702.00
21	2,300.00	- 2,399.99	28.00	728.00
22	2,400.00	- 2,499.99	29.00	754.00
23	2,500.00 or over		30.00	780.00

On roll call, the vote was yeas 18—Breckinridge, Bridgers, Buchanan, Griffin, Grundy, Hawkins, Heyburn, Holsclaw, Lambert, Mackey, Ockerman, Ratcliffe, Ray, Sloan, A. W. Wells, L. B. Wells, Wilson, Young. Nays 33—Bates, Baumgardner, Blankenship, Burnley, Bush, Carter, Casey, Cottengim, Davidson, Day, Embry, Everett, Flanery, Greene, Gullette, Highland, Hilton, C. S. Howard, Isler, Johnson, Lowman, Melton, Morgan, Murphy, Peace, V. Reed, H. V. Reid, Reynolds, Searcy, Thomas, Walsh, Weintraub, Wirsch.

Amendment was rejected.

Representative Holsclaw moved to amend **SB 7** as follows:

Amend printed copy of **SB 7** on page 1, section 1, line 12 and line 13 by striking out line 12 and line 13 and substituting in lieu thereof the following:

"(5) He has earned a minimum of two hundred dollars during each of two alternate quarters of his base-period and has base-period wages of at least four hundred and fifty dollars; and"

Amendment was rejected, by voice vote.

SB 7 read at length for the third time. Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 41—Bates, Baumgardner, Blankenship, Burnley, Bush, Carter, Casey, Cottengim, Davidson, Davis, Day, Everett, Fitzpatrick, Flanery, Freeman, Greene, Gullette, Harris, Hill, Hilton, Isler, Johnson, Kubale, Lowman, Martin, McCallum, Moore, Morgan, Murphy, Newsom, Peace, Qualls, V. Reed, H. V. Reid, Reynolds, Tanner, Thomas, Walsh, Weintraub, Wilson, Wirsch. Nays 34—Billington, Breathitt, Bridgers, Conrad, Gay, Griffin, Grundy, Hadden, Hahn, Hawkins, Heskamp, Heyburn, Highland, Hinkle, Holsclaw, C. S. Howard, Lambert, Mackey, McFadden, McKinney, Melton, Nunn,

Ockerman, Parrish, Ratcliffe, Ray, Searcy, Sloan, Stith, Thompson, Wathen, A. W. Wells, L. B. Wells, Young.

SB 7 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Report on Enrolled Bills

Committee on Enrollment reported that **SB 2** and **SB 5** had been examined and found correctly enrolled. Said bills read at length, compared and signed in open session by the Speaker. Ordered delivered to the Senate.

Senate Message

Senate message announcing passage of **SR 20.** Read by Clerk.

Representative McCallum moved that the rules be suspended for the purpose of introducing a Resolution. Agreed.

HR 18, by Representative McCallum: A RESOLUTION commending Laban Jackson, Commissioner of Conservation.

WHEREAS, the Commissioner of Conservation, the Honorable Laban Jackson, has announced a proposed plan for the construction of a trail along Kentucky Lake; and

WHEREAS, such trail, if constructed, would make the scenic wonders of Kentucky Lake more readily accessible to thousands of Kentuckians and guests from out of the state; and

WHEREAS, Commissioner Jackson has announced that the State will use convict labor if the trail is built; and

WHEREAS, the employment of convicts for such project will afford them an opportunity to perform beneficial services for society, and at the same time will prepare them to be more useful citizens; and

WHEREAS, Commissioner Jackson has shown a deep interest in the State Parks and facilities,

NOW, THEREFORE,

Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky:

That the House of Representatives hereby commends the proposed plan of Commissioner Laban Jackson to construct a trail along Kentucky Lake, the employment of convicts to construct such trail and his general approach in providing better State Parks for the citizens of Kentucky and their guests.

Representative McCallum moved the adoption of **HR 18.** Adopted.

Representative Morgan moved the House adjourn until 10:00 A.M., April 27, 1956. Agreed.

FRIDAY, APRIL 27, 1956

NINETEENTH LEGISLATIVE DAY

The House was called to order by Representative Burnley.

Prayer by the Reverend Edward L. Tullis, of the First Methodist Church, Frankfort.

The roll was called. All present except Barnum, Baumgardner, Beshear, Breathitt, Caudill, Cornett, Dunsil, Embry, Gay, Grigsby, Gullette, Hill, Hislope, Durham W. Howard, Isler, Jennings, Kubale, Lambert, Lowman, McFadden, Melton, Miller, Moore, Newsom, Nunn, Nunnelley, Parrish, Peace, Pollitte, Rayburn, John B. Reed, Reynolds, Saylor, Tanner, Tinsley, Walsh, Wathen, Weintraub, and Williamson, who were granted leaves of absence on motion of Representative Morgan.

Reading of the Journal for April 26, 1956, dispensed with and the same approved on motion of Representative Day.

Report on Enrolled Bill

Committee on Enrollment reported that **SB 7** had been examined and found correctly enrolled. Said bill read at length, compared, and signed in open session by the Speaker. Ordered delivered to Senate.

Introduction of Resolution

HR 19, by Representative Hilton: A RESOLUTION concerning desk name plates for the 1958 session of the General Assembly.

WHEREAS, the desk name plates provided for the 1956 session of the General Assembly have proved most useful to the Speaker, clerical staff, and gallery in identifying members of the House of Representatives, and

WHEREAS, the utility of said name plates would be much enhanced if the name of the member also appeared on the back of the plate to facilitate identification by other members, pages delivering communications, and persons seated in the rear of the gallery.

NOW, THEREFORE,

Be it resolved by the House of Representatives of the Commonwealth of Kentucky:

The Legislative Research Commission is hereby directed to investigate the practicability of having the desk name plates procured for the 1958 session of the General Assembly carry the name of the member on both the front and back of the plates.

Representative Hilton moved adoption of **HR 19.** Adopted.

Senate Message

Senate message announcing passage of **HR 4, HR 12, HR 15, HB 7** with amendment, and **HB 24** with Committee substitute.

Representative Morgan moved that the House concur in Committee Substitute to **HB 24**, as follows:

Committee Substitute for **HB 24**: AN ACT relating to circuit courts.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. The introductory phrase and subsection (46) of Section 23.050 of the Kentucky Revised Statutes, as created by Senate Bill #2, First Extraordinary Session of the 1956 General Assembly, are amended to read as follows:

The regular term of each court shall commence in each county at the following named time, and continue, if business requires it, the number of days hereinafter prescribed:

* * * * *

(46) Breckinridge County at Hardinsburg on the first Monday in January, for thirty juridical days; the first Monday in May, for eighteen juridical days; the fourth Monday in August, for thirty juridical days.

Grayson County at Leitchfield, on the second Monday in February, for thirty juridical days; the fourth Monday in May, for eighteen juridical days; first Monday in October, for thirty juridical days.

Meade County at Brandenburg, on the third Monday in March, for thirty juridical days; the third Monday in June, for eighteen juridical days; the second Monday in November, for thirty juridical days.

Section 2. The introductory phrase and subsection (27) of Section 23.050 of the Kentucky Revised Statutes are amended to read as follows:

The regular term of each court shall commence in each county at the following named time, and continue, if business requires it, the number of days hereinafter prescribed:

* * * * *

(27) Laurel County at London, the third Monday in February; the third Monday in May; the third Monday in October, thirty juridical days each.

Knox County at Barbourville, the Second Monday in January; the second Monday in April; the second Monday in September, thirty juridical days each.

Section 3. Whereas, it is necessary that the adjustment of terms of court in the Forty-Sixth Judicial District is made at an early date, an emergency is declared to exist and Section 1 of this Act shall become effective upon passage and approval by the Governor. Section 2 of this Act shall become effective on July 1, 1956.

Committee Substitute was agreed.

Representative Morgan moved the Previous Question. Agreed.

On roll call, the vote was yeas 64—Bates, Billington, Blankenship,

Blue, Breathitt, Breckinridge, Buchanan, Burnley, Bush, Carter, Casey, Conrad, Cottengim, Davidson, Davis, Day, Dunsil, Farmer, Fitzpatrick, Flanery, Freeman, Gay, Greene, Griffin, Grigsby, Grundy, Gullette, Hadden, Hahn, Harris, Hawkins, Heskamp, Highland, Hill, Hilton, Hinkle, Holsclaw, C. S. Howard, Jennings, Johnson, Mackey, Martin, McCallum, McKinney, Morgan, Mullins, Murphy, Newsom, Nunn, Ockerman, Qualls, Ratcliffe, V. Reed, H. V. Reid, R. Reid, Sr., Searcy, Sloan, Stith, Thomas, Thompson, L. B. Wells, Wilson, Wirsch, Young. Nays—0.

HB 24 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Morgan moved that the House concur in the following Senate amendment to **HB 7:**

Amend printed copy of **HB 7** on page 1, section 1, line 5, by striking therefrom the figure "$165,000" and inserting in lieu thereof the figure "$107,000", and further by striking therefrom the figure "$215,-000" and inserting in lieu thereof the figure "$116,000".

Adopted.

Representative Morgan moved the Previous Question. Agreed.

On roll call the vote was yeas 55—Bates, Billington, Blankenship, Blue, Breathitt, Breckinridge, Buchanan, Burnley, Bush, Carter, Casey, Conrad, Cottengim, Davis, Day, Farmer, Flanery, Freeman, Gay, Greene, Grundy, Gullette, Hadden, Hahn, Harris, Hawkins, Heskamp, Heyburn, Highland, Hilton, Hinkle, C. S. Howard, Jennings, Johnson, Mackey, Martin, McCallum, McKinney, Morgan, Mullins, Newsom, Ockerman, Qualls, Ratcliffe, V. Reed, H. V. Reid, R. Reid, Sr., Searcy, Stith, Thompson, A. W. Wells, L. B. Wells, Wilson, Wirsch, Young. Nays 0.

HB 7 was passed and the title agreed to.

Representative Morgan moved that the vote by which said bill was passed be reconsidered and said motion be laid on the table. Agreed.

Representative Morgan moved that the House do now recess for 15 minutes. Agreed.

At the appointed hour, the Speaker resumed the Chair and called the House to order.

Senate Message

Senate message announcing passage of **HB 3** with Committee Substitute, **HB 41,** and **HB 23,** with amendment.

Report on Enrolled Bills

Committee on Enrollment reported that **HB 7, HB 24, HB 41,** and **HR 4** have been examined and found correctly enrolled. Said bills

read at length, compared, and signed in open session by the Speaker. Ordered delivered to the Senate.

HB 7, HB 24, HB 41, and **HR 4** delivered, signed by President of the Senate. Ordered delivered to the Governor.

Representative Morgan moved that the House concur in Committee Substitute to **HB 3,** as follows:

HB 3: AN ACT relating to revenue and taxation and the recording of deeds and conveyances.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. The grantee of every deed, bill of sale, or other instrument offered for record after January 1, 1957 which conveys any real property or any interest in any real property in this state—except such transfers exempted by this Act—shall file with the county clerk an affidavit setting forth the following information: The name and address of the grantor; the name and address of the grantee, a brief description of the property transferred; its location by taxing jurisdiction; the date of sale; the sale price, including an assumed mortgages or liens, or the value of the property, whichever is greater. No deed or instrument, not exempted by Section 3 of this Act, shall be admitted to record without filing the required affidavit.

Section 2. The county clerk shall record upon the face of the deed the fact that the affidavit was filed and also cause this fact to be entered in the deed book and on the page wherein the deed is recorded. In case the real estate transferred is located in more than one county in Kentucky, the affidavit shall be filed with the county clerk in which the deed is first offered for record. The instrument may then be recorded in the office of any other county court clerk without another affidavit being filed.

Section 3. Deeds or instruments covering property which is exempt to the grantee under Section 170 of the Kentucky constitution shall be exempted from the filing of the affidavit. Deeds of correction and quit claim deeds wherein no additional consideration is involved shall also be exempt. Transfers between husband and wife and parents and children shall be exempt.

Section 4. The county clerk shall collect the sum of fifty cents from the grantee for preparing and for recording the affidavit and shall record on each affidavit the deed book and page at which the instrument is recorded. By the tenth of each month the county clerk shall send the affidavits filed during the preceding month along with twenty-five cents for each affidavit to the Department of Revenue.

Section 5. Any false statement made in the affidavit required by

Section 1 of this Act shall incur the penalty for false swearing under the provision of KRS 432.170.

Section 6. Any county clerk who willfully fails to record the affidavits and forward them to the Department of Revenue shall be fined not less than ten dollars nor more than one-hundred dollars.

Section 7. The Department of Revenue shall provide by rules and regulations for the administration of this Act.

Section 8. The information received by the county clerk shall be deemed confidential information in the same manner as information received by the Department of Revenue.

Section 9. This Act shall become effective January 1, 1957.

Committee Substitute was rejected.

Representative Morgan moved that the House concur in Senate Amendment to **HB 23**, as follows:

Amend printed copy of **HB 23** on page 5, section 3, line 18: by striking the word "then" and inserting in lieu thereof the word "their"

Agreed.

Representative Morgan moved that the House concur in Senate Amendment to **HB 23** as follows:

Amend printed copy of **HB 23** on page 9; following Section 5 after line 114 a new section is added which shall be Section 6. Section 6 shall read as follows:

Section 6. (1) Any trading stamp not offered for redemption within two years after its printed date of issue shall thereupon become unclaimed property and all rights of the holder of such stamp shall revert and belong to the Commonwealth of Kentucky and the holder of such stamp shall not longer possess or have any rights under or by reason of any such stamp.

(2) As used in this section "Trading Stamp" means and includes any form of stamp, ticket, card, receipt or any similar device or devices, that is either directly or indirectly issued, sold, given or otherwise furnished or delivered by any person to any other person within the Commonwealth of Kentucky in connection with or as part of the sale and purchase of any goods, services, or out put of a service trade, and which entitles the purchaser receiving the same with such sale and purchase of goods or services, or the holder thereof, to procure or otherwise receive from any person money, goods or anything of value, free or without charge, upon the production or presentation of any number or a stated number of said stamps as herein defined; but an offer made or endorsed by the manufacturer from, as a part of, or within the original wrapped package or container in which goods are sold, of a premium or a reward for the return to the manufacturer of such goods, or to any dealer in such goods, of all or any part of that label or container, or any coupon placed in or attached to such label or container, is not a trading stamp.

(3) In order to carry out and enforce the foregoing reversion and escheat provisions:

(a) Each trading stamp issued, given, used, sold or otherwise disposed of after the effective date of this Act shall have printed legibly on its face the month and year of issue, provided no stamps shall be sold bearing a date more than one month in advance from month of sale.

(b) Each trading stamp issued, used, sold or otherwise distributed shall have printed legibly thereon the stated redeemable value expressed in cents or fraction of cents, as the case may be, but such value shall be not less than the actual value of such stamps as determined by the issuer.

(c) All books and other devices furnished for the collection of trading stamps by holders thereof shall bear the following statement in bold type thereon: "TRADING STAMPS ARE REDEEMABLE IN PREMIUMS OR IN CASH AT THE STATED VALUE AT THE OPTION OF THE HOLDER, BUT ONLY IF OFFERED FOR REDEMPTION WITHIN TWO YEARS OF THE PRINTED DATE OF ISSUE."

(d) Each issuer and each agent for redemption of trading stamps shall make and maintain records of:

(1) The value of trading stamps so issued, given, used, sold, or otherwise distributed by such person within this state.

(2) The date of their issue.

(3) The value of trading stamps redeemed by him within two years after their date of issue, so that such records will disclose accurately the total value of trading stamps so issued, given, used, sold or otherwise distributed within this state which are not presented for redemption or redeemed within two years after their date of issue.

(e) Any issuer by virtue of doing business in this state authorizes the Department of Revenue to make or have made an audit of the issuer's books and records to determine the amount and value of unredeemed stamps that have been escheated to the Commonwealth of Kentucky under the provisions hereof.

Amendment was rejected.

A Committee consisting of Representatives Holsclaw, Burnley, and Day was appointed to inform the Senate that the House had failed to concur in Committee Substitute to **HB 3** and Senate Amendment No. 2 to **HB 23.**

Representative Morgan moved that the vote by which Senate Amendment No. 2 to **HB 23** was rejected be reconsidered. Agreed.

On roll call, the vote was yeas 39—Billington, Blue, Breathitt, Breckinridge, Bridgers, Bush, Casey, Conrad, Farmer, Fitzpatrick, Flanery, Freeman, Gullette, Hadden, Hahn, Hawkins, Heskamp, Heyburn, Hilton, Hinkle, Johnson, Kubale, Lambert, Mackey, Martin, McCallum, Moore, Morgan, Mullins, Newsom, Ockerman, Ray, H. V.

Reid, R. Reid, Sr., Searcy, Thompson, A. W. Wells, Wilson, Young. Nays 0.

Representative Morgan moved that the vote by which the said bill was lost be reconsidered and said motion be laid on the table. Agreed.

Committee to Wait on Governor

Representative Morgan moved that the Speaker appoint a Committee to join a similar Committee from the Senate to wait upon the Governor to notify him that the business of the House had been concluded and to inquire if he has further business to communicate. Agreed.

The Speaker appointed the following committee: Representatives Johnson, Howard V. Reid, Day, Everett, and Bates.

Representative Johnson, on behalf of the Committee, reported that the Governor had been informed of the message from the House and the Governor consented to the adjournment of this Extraordinary Session.

Representative Day moved that the House adjourn sine die. Agreed.

The Journal of the House has been read, compared and approved.

The House adjourned sine die.

APPROVED:

(Signed) THOMAS P. FITZPATRICK, Speaker

ATTEST:

(Signed) JAMES C. CUBBAGE, Chief Clerk

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HISTORY OF HOUSE BILLS

Numbers refer to page of House Journal. Text of bill is given on first reading. Names of sponsors are in parentheses.

HB 1 Reorganizing state administrative agencies and departments (Morgan).

HB 2 Authorizing county merit systems for county with second class city (Breckinridge).

HB 3 Providing for secret ballot election of party precinct committeemen (Breckinridge).

HB 4 Extending scope of safety requirements for stopped school bus (Breckinridge).

HB 5 Extending citizens' groups representation in conduct of elections (Breckinridge).

HB 6 Permitting election recounts in counties as designated by candidate (Breckinridge).

HB 7 Requiring prompt election counts (Breckinridge).

HB 8 Authorizing agreements respecting expenditure of rural and secondary road funds (Breckinridge).

HB 9 Changing appointments to and powers of county children's bureaus (Breckinridge).

		Introduced	Reported	Readings 1st	2nd	3rd	Senate Message	Enrolled	Other Action
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HISTORY OF HOUSE RESOLUTIONS

Numbers refer to page of House Journal. Text of resolution is given on first reading or adoption. Joint resolutions are designated HJR; concurrent resolutions are designated HCR.

HR 1 Adopting permanent rules (Morgan).

HR 2 Authorizing a committee to inform the Senate and the Governor that the House is organized (Morgan).

		Intro-duced	Reported	Readings 1st	Readings 2nd	Readings 3rd	Adopted	Senate Message	Enrolled	Other Action
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SB 2 Creating forty-sixth judicial district.

SB 3 Authorizing county-wide health department in county with first class city.

SB 4 Authorizing county-wide welfare department in county with first class city.

SB 5 Providing for governmental organization of second class cities.

SB 6 Changing the State Board of Election Commissioners.

SB 7 Providing for filing of administrative regulations.

		Senate Message	Reported	Readings 1st	2nd	3rd	Enrolled	Other Action
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SB	**3**	55	55	58	68	76	78	
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SB	**5**	68	68	68	71	75	78	
SB	**6**	55	55	64	68	76	78	73, 74
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HISTORY OF SENATE RESOLUTIONS

Numbers refer to page of House Journal. Text of resolution is given on first reading or adoption. Joint resolutions are designated SJR; concurrent resolutions are designated SCR.

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SCR 4 Endorsing candidacy of Wendell Ford for president of U. S. Junior Chamber of Commerce.

SCR 5 Endorsing Southern Fire Prevention Conference.

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		Senate Message	Reported	Readings 1st	Readings 2nd	Readings 3rd	Adopted	Enrolled	Other Action
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HB 2 Providing for registration of trailers, semi-trailers and house trailers (Morgan).

HB 3 Providing for licensing of motor carriers and issuing of certificates and permits (Morgan).

HB 4 Reducing deductions of gasoline dealers (Morgan).

HB 5 Extending scope of safety requirements for stopped school bus (Breckinridge).

HB 6 Authorizing agreements respecting expenditure of rural and secondary road funds (Breckinridge).

HB 7 Providing for licensing of power cycles (Burnley, Harris).

HB 8 Imposing a surtax on fuel used by heavy motor vehicles (Morgan).

HB 9 Prohibiting operation of trucks over 21,000 pounds except on designated highways (Sloan).

		Intro-duced	Reported	Readings 1st	2nd	3rd	Senate Message	Enrolled	Other Action
HB	1	91	91	91	111	138	163	165	164
HB	2	91	91	96	111	150	163	165	150, 163
HB	3	91	91	98	111	151	163	167	151, 165, 166
HB	4	91	91	108	111	130	154	156	
HB	5	91							
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HB	7	110							
HB	8	111	111	111	130	135	163	164	
HB	9	156							

HISTORY OF HOUSE RESOLUTIONS

Numbers refer to page of House Journal. Text of resolution is given on first reading or adoption. Joint resolutions are designated HJR; concurrent resolutions are designated HCR.

HR	**1**	Adopting permanent rules (Morgan).
HR	**2**	Authorizing committee to inform the Senate and the Governor that the House is organized (Morgan).
HJR	**3**	Making an appropriation to the Legislative Session Fund (Morgan).
HR	**4**	Commending the Morehead State College basketball team (Flanery, Lowman, Hinkle, Greene, Mackey).
HJR	**5**	Directing a study for a highway across Markland Dam (Day).
HR	**6**	Requesting tickets to be made available for high school basketball tournament (Melton, Qualls, Carter, Thomas, Conrad, Greene, Hilton, Burnley, Caudill, Rayburn, Bush).
HR	**7**	Commending the Carr Creek high school basketball team (Cornett).
HCR	**8**	Directing a study of gasoline marketing (Morgan).
HR	**9**	Approving proposed dam on Kentucky River at Buckhorn (Gay).
HR	**10**	Expressing sympathy to Representative Morris Weintraub (Isler).
HR	**11**	Expressing condolences to assistant clerk Brooks Hargrove (Holsclaw).
HCR	**12**	Petitioning Congress to construct the Upper Cumberland River Dam (Burnley, Morgan, Davis, Breathitt, Nunn, Hahn, H. V. Reid, Billington, Young, Johnson, Hadden, Harris).
HCR	**13**	Directing a study for a highway across Greenup Dam (Hilton).
HCR	**14**	Commending the University of Louisville basketball team (Holsclaw, Heyburn, Baumgardner, Ray, Barnum, Walsh, Murphy, Bridgers, Farmer, Anderson, Miller).
HJR	**15**	Petitioning Congress to complete the proposed Falmouth Dam Project (Wirsch).
HCR	**16**	Commending the Louisville Central high school basketball team (Anderson, Heyburn, Walsh, Miller, Baumgardner, Ray, Qualls, Holsclaw, Bridgers, Barnum).

		Intro-duced	Reported	Readings 1st	2nd	3rd	Adopted	Senate Message	Enrolled	Other Action
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Numbers refer to page of House Journal. Text of bill is given on first reading.

SB **1** Increasing maximum truck and trailer dimensions.

SB **2** Requiring eradication of Johnson grass on rights of way.

SB **3** Providing for a $100,000,000 highway bond issue.

SB **4** Changing procedures and requirements relating to state construction and maintenance of rural and secondary roads.

		Senate Message	Reported	Readings 1st	2nd	3rd	Enrolled	Other Action
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Numbers refer to page of House Journal. Text of resolution is given on first reading or adoption. Joint resolutions are designated SJR; concurrent resolutions are designated SCR.

SCR 8 Directing a study of allocation of funds for rural and secondary roads.

SJR 10 Commending the University of Louisville basketball team.

SCR 12 Providing for sine die adjournment on March 28.

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Bridgers, Edward O.
Introduced: HR 14, 16

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Introduced: HR 12

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Numbers refer to page of House Journal. Text of bill is given on first reading. Names of sponsors are in parentheses.

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HB 2 Making an appropriation for county election costs (Conrad, Thomas, Anderson, Hawkins, A. W. Wells, Wilson, Melton, Gay, L. B. Wells, Saylor, Peace, Flanery, Hinkle, Moore, Blankenship, Sloan, Mackey, Parrish, Burnley, Miller, Hilton, Griffin, Dunsil, McKinney, Vernon Reed, Young, Pollitte, Hislope, Bush, Highland, Robert Reid, Sr.).

		Intro-duced	Reported	Readings 1st	Readings 2nd	Readings 3rd	Senate Message	Enrolled	Other Action
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HISTORY OF HOUSE RESOLUTIONS

Numbers refer to page of House Journal. Text of resolution is given on first reading or adoption. Joint resolutions are designated HJR; concurrent resolutions are designated HCR.

HR 1 Adopting permanent rules (Morgan).

HR 2 Authorizing a committee to inform the Senate and the Governor that the House is organized (Morgan).

HR 3 Adjourning on March 29 in memory of Otto A. Rothert (Hahn).

HCR 4 Directing reimbursement of members of joint committees on welfare and insurance investigation (Morgan).

HR 5 Favoring full implementation of the foundation program for education (Buchanan, Hislope).

HR 6 Urging Department of Conservation to continue present policy regarding swimming areas (McCallum, Billington).

HR 7 Memorializing Congress to proceed with proposed Falmouth Dam Project (Wirsch, Tinsley, Conrad, Isler, Cottengim, Weintraub, Thomas).

		Introduced	Reported	Readings 1st	2nd	3rd	Adopted	Senate Message	Enrolled	Other Action
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HR	**2**	173					173			
HR	**3**	181					181			
HCR	**4**	183	183	215	218	221		226		
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SCR 4 Petitioning Congress to consider rebating taxes to the states.

SCR 5 Making an appropriation for the executive mansion.

SJR 6 Making an appropriation for county election costs.

SJR 7 Directing a study of a training school for crippled children.

SCR 12 Providing for sine die adjournment on April 6.

		Senate Message	Reported	Readings 1st	Readings 2nd	Readings 3rd	Adopted	Enrolled	Other Action
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Introduced: HB 2

Miller, Clarence R.
Introduced: HB 2

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HB 2 Transferring to the Department of Revenue the administration of taxes on intangible property and increasing the tax rate (Morgan).

HB 3 Levying a tax on deeds (Morgan).

HB 4 Imposing a license tax on trading stamps (Morgan).

HB 5 Restricting annexation of unincorporated areas having an industrial plant (Morgan).

HB 6 Providing for deposits to credit of Unemployment Insurance Fund (Morgan).

HB 7 Making an appropriation to the Department of Revenue (Morgan).

HB 8 Extending the pari-mutuel tax to non-profit race tracks (Caudill, Martin, Bridgers, Mackey, Hadden, Hahn, Thomas, Breathitt, Griffin, Heyburn, Murphy, Saylor, Nunn, McFadden, McKinney, Barnum, Cornett, Williamson, Peace, Jennings, Reynolds, Buchanan, Miller, Robert Reid, Sr., Dunsil, Freeman, Highland, Hislope, Durham W. Howard, Lambert, Sloan, A. W. Wells, Pollitte, McCallum, Wilson, Ratcliffe, Mullins, Casey, Wirsch, Lowman, Embry).

HB 9 Vesting title to contraband alcoholic beverages (Bates).

HB 10 Increasing the pari-mutuel tax and extending the tax to non-profit tracks (Grigsby).

HB 11 Imposing a 3 percent retail sales tax and adjusting the income tax (Freeman).

HB 12 Imposing a 3 percent tax on meals, lodgings and rentals (Cottengim).

HB 13 Imposing a gross income tax and repealing inheritance, estate and income taxes; adjusting rates of selective sales taxes (Cottengim).

HB 14 Imposing a tax on billiard balls (Davidson).

HB 15 Decreasing distilled spirits production tax (Cottengim).

HB 16 Requiring publication of annexation ordinances of sixth class cities (Day).

HB 17 Levying a tax on transient lodgings (Caudill).

HB 18 Increasing the pari-mutuel tax (Hilton).

		Intro-duced	Reported	Readings 1st	Readings 2nd	3rd	Senate Message	Enrolled	Other Action
HB	1	254	255	255	296	349	387	389	305, 333, 348, 388
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HB	4	254	297	297	305				
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HB	7	254	297	301	305	375	404	406	406
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HB	**19**	Relating to assessments and taxes on property of transportation companies (Everett).
HB	**20**	Increasing the malt beverage excise tax (McCallum).
HB	**21**	Imposing a tax on billiard balls (Davidson).
HB	**22**	Reducing the cigarette tax (Mackey, Thompson, A. W. Wells, Conrad, Hinkle, Bush, Moore, Anderson, McKinney, Freeman, Robert Reid, Sr., Ray, Ratcliffe, Parrish, Thomas, Gay, Sloan, Breathitt, Day, Williamson, Grundy, Wilson, Stith, Hislope, Heskamp, Lambert, Saylor, McFadden, Mullins, Murphy, Casey, Ockerman, Highland, Hawkins, Searcy).
HB	**23**	Providing for escheats to the state (Morgan).
HB	**24**	Changing terms of court in twenty-seventh and forty-sixth judicial districts (Morgan).
HB	**25**	Increasing the excise tax on distilled spirits (Breckinridge).
HB	**26**	Raising the maximum rate of school district taxes (Burnley).
HB	**27**	Increasing and extending the tax on insurance premiums (Morgan).
HB	**28**	Increasing the malt beverage excise tax (Reynolds).
HB	**29**	Authorizing the establishment of state owned liquor stores (Reynolds, Martin).
HB	**30**	Changing the collection date for ad valorem taxes on distilled spirits and reducing the production tax (Holsclaw, A. W. Wells, Robert Reid, Sr.).
HB	**31**	Increasing the consumption tax on distilled spirits, wine and beer (Johnson, Blankenship).
HB	**32**	Licensing studs (Thomas).
HB	**33**	Increasing the pari-mutuel tax (Buchanan).
HB	**34**	Levying an excise tax on sand (Davis).
HB	**35**	Extending the pari-mutuel tax to non-profit tracks (Tanner, Lowman, Breathitt, Saylor, Williamson, Hislope, Caudill).
HB	**36**	Authorizing the establishment of state owned liquor stores (Caudill).
HB	**37**	Imposing a tax on gravel (Caudill).
HB	**38**	Exempting interstate bridges from taxation (Tinsley).
HB	**39**	Imposing a tax on pari-mutuel betting at non-profit tracks (Morgan).
HB	**40**	Providing for refund of tax paid on gasoline used in watercraft (Wathen).
HB	**41**	Reducing the state tax on admissions (Everett, Newsom, Greene).
HB	**42**	Regulating the labeling of whiskey (Rayburn).
HB	**43**	Requiring school districts to furnish transportation for high school pupils (Newsom).

		Intro-duced	Reported	Readings 1st	Readings 2nd	3rd	Senate Message	Enrolled	Other Action
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HB	21	296							
HB	22	302							
HB	23	305	350	351	360	380	406		408
HB	24	305	350	356	360	380	404	406	405
HB	25	306							
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HB 44 Prohibiting reduction in appropriations for education (Breckinridge, Young, Mullins, Peace, McKinney, Conrad, Tanner, Robert Reid, Hahn, McFadden, Hawkins, Mackey, Heskamp, Cornett, A. W. Wells, Ratcliffe, Wilson, Bush, Moore, Hislope, Highland, Sloan, Thomas, Ockerman, Grundy, Hadden, Heyburn, Anderson, Pollitte, Wirsch, Hinkle, Blue, Baumgardner, Searcy, Everett, Billington, Freeman, Martin, Nunn, Carter, Bridgers, Embry, Gay, Parrish, McCallum, Day, Breathitt, Jennings, Murphy, Ray, Saylor, Flanery, Blankenship, L. B. Wells, D. W. Howard, Williamson, Melton, Reynolds, V. Reed, H. V. Reid, Miller).

		Intro-duced	Reported	Readings 1st	Readings 2nd	Readings 3rd	Senate Message	Enrolled	Other Action
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HISTORY OF HOUSE RESOLUTIONS

Numbers refer to page of House Journal. Text of resolution is given on first reading or adoption. Joint resolutions are designated HJR; concurrent resolutions are designated HCR.

HR 1 Adopting permanent rules (Morgan).
HR 2 Notifying the Senate and the Governor that the House is organized (Morgan).
HCR 3 Petitioning Congress to reduce taxes on tobacco and distilling industries (Morgan, Burnley).
HJR 4 Making an appropriation to the Legislative Session Fund (Morgan).
HCR 5 Congratulating the city of Campbellsville (Grundy).
HCR 6 Congratulating the city of Glasgow (Wilson).
HCR 7 Petitioning Congress to reduce federal income tax rates (Isler).
HR 8 Petitioning Congress to return a portion of distilled spirits excise collections to the state (Isler).
HJR 9 Providing for a public referendum on sources of state revenue (Hislope, Caudill).
HCR 10 Requesting the Governor to declare Henry Clay's birthday a state holiday (Breckinridge).
HCR 11 Memorializing Congress to construct a bridge over the Ohio River at Hawesville (Blankenship).
HCR 12 Requesting Congress to allow the states tax credit against federal withdrawal tax on distilled spirits (Burnley, Morgan).
HCR 13 Directing a study of state owned liquor stores (Caudill, Grigsby, Hislope, Bates, Conrad, Billington, Moore, Hilton, Thompson, Martin, Hill, Embry, Stith, Vernon Reed, Saylor, Wirsch, Gay, Heskamp, Greene, Hadden, Mackey, Weintraub, Young, Pollitte, Beshear, Hahn).
HR 14 Commending Clinton L. Smith (Wirsch).
HCR 15 Expressing appreciation to Southern Bell Telephone Company and employees (Holsclaw, Cottengim, Davidson, Moore, Farmer, Bridgers, Walsh, Murphy, Young, Buchanan, Embry, Harris, Hahn, Ockerman, Kubale, Heyburn, Miller, Blankenship, Rayburn, Newsom, Carter, Hilton, Everett, Vernon Reed, Greene, Burnley, Gullette).
HR 16 Amending the rules of the House (Heyburn).
HR 17 Directing that a detailed statement of General Assembly expenditures be furnished each member (Heyburn).
HR 18 Commending Laban Jackson (McCallum, Billington),
HR 19 Relating to desk name plates for members (Hilton).

		Intro-duced	Reported	Readings 1st	Readings 2nd	Readings 3rd	Adopted	Senate Message	Enrolled	Other Action
HR	1	240					240			
HR	2	240					241			
HCR	3	254	255	294	296		374	400		407
HJR	4	306	307	307	320	374		404	406	
HCR	5	320					322	400		
HCR	6	320					321	400		
HCR	7	320								
HR	8	320								
HJR	9	321								
HCR	10	323								323
HCR	11	359					360	400		
HCR	12	382					383	404		
HCR	13	382								
HR	14	391					391			
HCR	15	391					392	404		
HR	16	400					400			
HR	17	401								401
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Numbers refer to page of House Journal. Text of bills is given on first reading.

SB 2 Restricting annexation of unincorporated areas having an industrial plant.

SB 3 Providing for property rights of an adopted child.

SB 5 Authorizing free textbooks for indigent high school pupils.

SB 7 Increasing minimum base-period wages for unemployment compensation, increasing rate and maximum benefits.

		Senate Message	Reported	Readings 1st	2nd	3rd	Enrolled	Other Action
SB	**2**	388	389	390	395	398	403	397
SB	**3**	324						
SB	**5**	387	389	389	395	399	403	398
SB	**7**	388	393	393	397	402	404	401

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Numbers refer to page of House Journal. Text of resolution is given on first reading or adoption. Joint resolutions are designated SJR; concurrent resolutions are designated SCR.

SCR 4 Directing a study of establishment of medical clinics.
SCR 8 Directing a study of establishment of dental clinics.
SCR 10 Urging the U. S. government to construct additional postoffices.
SCR 15 Providing for sine die adjournment on April 27.
SCR 16 Expressing appreciation to Senator Shaikun and Representative Buchanan.

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